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U.S. Department
of Transportation

Federal Aviation
Administration

REPORT TO CONGRESS STATE BLOCK GRANT PROGRAM

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Report of the Secretary of Transportation
to the United States Congress Pursuant to
the Airport and Airway Safety and
Capacity Expansion Act of 1987 (Public
Law 100-223) and the Aviation Safety and
Capacity Expansion Act of 1990 (Public
Law 101-508)

DOT/FAA/PP-92-1



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

June 29, 1992

The Honorable Dan Quayle
President of the Senate
Washington, DC 20510

Dear Mr. President:

I am pleased to transmit the report required by Section 9114 of the Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508). This section calls for the Federal Aviation Administration to establish, monitor, review, evaluate, and formulate recommendations for the State Block Grant Pilot Program. The pilot program authorizes three states to administer projects under the Airport Improvement Program (AIP) during fiscal years 1990 through 1992 for several categories of AIP funding.

Supported by the positive results of this demonstration, the Administration's reauthorization proposal recommends expansion of the block grant program to allow voluntary participation by all states. All states should be encouraged to become more involved in the management of Federal airport grant projects. The pilot program report provides recommendations which will protect the integrity of the Nation's systems of airports and will help to facilitate a smooth transition for increased state involvement in AIP.

An identical letter is being provided to the Speaker of the House of Representatives.

Sincerely,


Andrew H. Card, Jr.

Enclosure

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THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

June 29, 1992

The Honorable Thomas S. Foley
Speaker of the House of
Representatives
Washington, DC 20515

Dear Mr. Speaker:

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EXECUTIVE SUMMARY

This report is submitted to Congress as required by the Airport and Airway Safety and Capacity Expansion Act of 1987 (P.L. 100-223) amended by the Aviation Safety and Capacity Expansion Act of 1990 (P.L. 101-508). Provisions in these laws direct the Federal Aviation Administration (FAA) to issue regulations, implement the State Block Grant Pilot Program, and report to Congress on the results of a program review.

The State Block Grant Pilot Program authorized not more than three states to administer the Airport Improvement Program (AIP) for nonprimary airports during fiscal years 1990 through 1992. The states of Illinois, Missouri, and North Carolina were selected by the FAA for the pilot program.

Background. To promote a safe and efficient nationwide system of public-use airports, the Federal Government has made grants to state and local governments since 1946. Funds appropriated from the Airport and Airway Trust Fund for all AIP funding categories during fiscal years 1990, 1991, and 1992 were \$1.425 billion, \$1.8 billion, and \$1.9 billion, respectively.

This investment in airport infrastructure during the last several years has increased significantly to enhance airport safety, capacity, and security. Also, the new passenger facility charge legislation will add a major revenue source for airport development. AIP workload for planning and environmental activities has been increasing in recent years, thereby complicating the Federal management of the airport development process. Airport sponsor compliance responsibilities have also increased with labor, contracting, and lobbying provisions, to name a few.

The purpose of the pilot program is to identify administrative functions which might successfully be shifted to or shared with states in carrying out the AIP. The pilot program potentially allows greater state discretion in selecting and managing projects within several categories of AIP funding. The concept of more state involvement in grant management is designed to test how states can assist in improving the delivery of Federal funds to airport sponsors.

Findings. Six block grants totaling \$89 million, including \$62 million of discretionary funds, were issued to the three states during fiscal years 1990 and 1991. During this time, the states placed under grant 117 airport projects representing an investment of \$65 million in AIP funds. This report is based primarily on these two years of experience. Three additional

block grants totaling \$58 million were issued in fiscal year 1992, but complete data for this year were not available for this report.

FAA has found that differing levels of staff resources and experience among the three pilot program states have resulted in distinctly different approaches to administering airport improvement grants. Illinois has a large state aviation agency which adapted quickly to the block grant procedures due largely to having experience in channelling Federal airport funds prior to receipt of block grants. Missouri has a small state aviation agency which had to increase its staff to administer the pilot program. North Carolina, which has a medium-sized state aviation agency with fewer functions than Illinois, but more than Missouri, adjusted with minor staffing changes.

This range of capabilities represents a challenge and opportunity for identifying administrative functions which might successfully be shifted to or shared with states in carrying out the AIP. The findings indicate that a single formula for the block grants may not be preferable, from the standpoint of conforming to existing state administrative structures, or necessary in order to provide reasonable flexibility for state grant administration.

FAA airports offices administering block grants observed that state aviation staffs have worked very hard to make the pilot program successful, and their working relationships have furthered effective AIP management. During formal evaluation meetings with airport sponsors and consultants, most of those interviewed were positive about state involvement in the pilot program and endorsed expansion of block grants to other states. Many were enthusiastic about the new role and discretion for the states in selecting and managing projects.

Conclusions. The State Block Grant Pilot Program has shown that states can successfully assume more responsibility for management of Federal airport grants. The airport grant process is substantially more complex today than in the recent past due to increasing environmental and sponsor compliance workload. The greater state role supplements limited FAA resources available to manage these expanding responsibilities, higher AIP funding levels, and the passenger facility charge program. However, constraints on state involvement in the AIP have been identified based on observations made during the pilot program. The following areas should be addressed to facilitate any decision to shift or share AIP administrative functions under a permanent state block grant program:

- o Allowing the use of block grant funds for administrative costs under AIP to pay for a portion of the additional staffing and training would likely lead to more states becoming involved.

- o States should be strongly encouraged to complete environmental assessments and plan regularly for effective use of airport development resources to develop their network of airports to meet forecast needs.
- o Effective and visible FAA oversight should be maintained for all airports, including the smaller general aviation airports, to help ensure airport systemwide standardization.
- o The impact of including relievers, commercial service, and joint-use airports in any expanded block grant program has not been completely addressed by the pilot program and would require continuing assessment.

The FAA has further concluded that the states have an effective relationship with general aviation airports and are well suited to perform the following five categories of specific AIP management functions, with or without block grants:

1. Project coordination and monitoring of airport project work could be facilitated by states, especially with respect to ensuring the involvement of interested parties in AIP projects.
2. A capital improvement programming process acceptable to the FAA could be established by the states for general aviation airports as well as other airports, if appropriate.
3. Project procurement, land acquisition, contracting, approval of plans and specifications, materials design and testing, ensuring safety during construction, payments, and audits could be performed by states.
4. A state's aviation planning program could assess airport development and land use controls in the vicinity of airports.
5. A compliance program could be established by states to ensure airport sponsors understand and comply with their obligations with respect to grant assurances.

Recommendations. The State Block Grant Pilot Program in Illinois, Missouri, and North Carolina should be expanded to allow voluntary participation by all states. All of the recommendations which follow, except the first, require statutory changes to allow states to perform the specified functions:

1. All states should be encouraged to become more involved in the five categories of specific administrative functions that states are suited to perform, as listed above.
2. The 50 states, six territories, and District of Columbia should be invited to apply for block grants for general aviation

airports, excluding relievers and those designated under the Military Airport Program.

3. A block grant application would be approved only if the FAA determines that the state has a capable agency, a satisfactory aviation system planning process, a capital improvement programming process acceptable to the FAA, agreed to comply with Federal procedural and other standard requirements for administering a block grant, and agreed to provide the FAA with such program information as may be required.

4. States that have satisfactorily administered a general aviation block grant for one year or more should be eligible to expand their block grants to also include reliever and nonprimary commercial service airports.

5. States should assume planning and environmental functions for block grant airport projects.

6. Up to 1 percent of a state's apportionment funds, or \$75,000, whichever is greater, should be allowable under block grants to help defray the state's program administrative costs, subject to requirements to be established by the Secretary.

7. The FAA should maintain oversight of programs in each block grant state in a similar manner as required by the legislation for the pilot program.

SECTION 1

BACKGROUND

The State Block Grant Pilot Program was authorized initially for two years by Section 116 of the Airport and Airway Safety and Capacity Expansion Act of 1987 (1987 Act), which reauthorized the Airport Improvement Program (AIP). The pilot program was extended an additional year to a total of three years by the Aviation Safety and Capacity Expansion Act of 1990 (1990 Act).

The purpose of the State Block Grant Pilot Program is to identify administrative functions which might successfully be shifted to or shared with states in carrying out the AIP. The pilot program potentially allows greater state discretion in selecting and managing projects within several categories of AIP funding. The legislation directs FAA to conduct a review and report to Congress recommendations for further action relating to state administration of the AIP.

This report contains detailed information about the pilot program, state-by-state findings, conclusions, as well as recommendations resulting from FAA review and evaluation.

Airport Improvement Program (AIP)

To promote a safe and efficient nationwide system of public-use airports, the Federal Government has made grants for state and local governments since 1946. The initial Federal Aid Airport Program drew funding from the general fund of the U.S. Treasury. In 1970, the Airport and Airway Trust Fund was established based on aviation user taxes. Grants were made from the trust fund under the Planning Grant Program and the Airport Development Aid Program. Planning and development grants from the trust fund were combined in 1982 under the current AIP. AIP grants are distributed for projects at airports in the National Plan of Integrated Airport Systems (NPIAS).

Funds appropriated from the trust fund for all airport grant categories during the pilot program, fiscal years 1990, 1991, and 1992, were \$1.425 billion, \$1.8 billion, and \$1.9 billion, respectively. The Federal investment in airport infrastructure during the last several years has been increased substantially to enhance airport safety, capacity, and security. The funding categories, eligibility, and procedures for the AIP are outlined below.

Funding Categories. Not more than 49.5 percent of annual AIP funds made available through appropriations are passenger or cargo entitlements for primary airports and cargo service airports. (Primary airports are commercial service airports which annually enplane more than 10,000 passengers, while commercial service airports annually enplane 2,500 or more passengers and have scheduled passenger service.) Not less than 0.5 percent of annual AIP funds made available through appropriations are for planning agencies for the purpose of airport system planning. Alaskan airports are provided an additional specific amount. The passenger or cargo entitlement, airport system planning, and Alaskan funds were not utilized for the State Block Grant Pilot Program.

Twelve percent of the annual AIP funds made available through appropriations is distributed for projects within the states and insular areas at NPIAS airports other than commercial service airports. This category is commonly referred to as the state apportionment funds, and it has been a major source of pilot program funding.

Ten percent of the annual AIP funds is set aside for reliever airports, 10 percent is for noise programs, and 2.5 percent is for nonprimary commercial service airports. These categories of funding have been utilized for the pilot program since they would be available to nonprimary airports if the state had not received a block grant. These categories of funding are commonly referred to as discretionary funds distributed at the discretion of the Secretary. However, under the pilot program, the state has discretion in selecting projects to be funded.

The 1990 Act made changes which affect funding levels for State Block Grant Pilot Program airports. The 1990 Act set aside 1.5 percent of annual AIP funds made available through appropriations for former military bases. Funds under this Military Airport Program were not used for the pilot program.

The remaining 13.5 percent of the annual AIP funding (15 percent prior to fiscal year 1991) is discretionary funds. At least 75 percent of these discretionary fund is used for capacity, safety, security, or noise projects, and 25 percent is used at any NPIAS airport. Again, this category of funding has been utilized for the pilot program since it would be available to nonprimary airports if the state had not received a block grant. Although this category of funding is commonly referred to as discretionary funds distributed at the discretion of the Secretary, pilot program states select the projects.

Additional funds were made available by the 1990 Act from lost entitlements in cases where a passenger facility charge (PFC) has been imposed by medium and large hub airports. (Medium and large

hub airports have 0.25 percent or more of annual U.S. enplanements each.) The PFC lost entitlements are to be redistributed at the discretion of the Secretary, with 12.5 percent for small hubs. (Small hubs have 0.05 percent or more, but less than 0.25 percent, of annual U.S. enplanements each.) Another 12.5 percent of PFC lost entitlements is for any NPIAS airport. The remaining 75 percent of PFC lost entitlements goes to the small airport fund. Within the small airport fund, 25 percent of PFC lost entitlements is for other than commercial service airports, and 50 percent of lost entitlements is for nonhub commercial service airports. (Nonhub commercial service airports have less than 0.05 percent of annual U.S. enplanements each.)

The nonprimary airports in a state participating in the pilot program are eligible to receive the PFC lost entitlements to the same extent they would be without the block grant. However, lost entitlement funds have not been made available under these provisions to date because of the time required by sponsors, airlines, and FAA for initiating passenger facility charges. The PFC legislation is important since it will have the effect of adding significantly to the total funds available for airport development.

Eligibility. Eligible planning projects under the AIP include airport system plans for a network of airports within states or metropolitan areas. Airport master plans and noise compatibility planning for existing or new individual airports are also eligible.

Eligible development projects include facilities or equipment associated with construction, improvement, or repair (excluding routine maintenance) of an airport. Typical development work includes: land acquisition; site preparation; construction, alteration, and repair of runways, taxiways, aprons, and roads within airport boundaries; construction and installation of lighting, utilities, navigation aids, and aviation-related weather reporting equipment; safety equipment required for certification of an airport facility; security equipment required by the FAA by rule or regulation; snow removal equipment; limited terminal development at commercial service airports; equipment to measure runway surface friction; and fire fighting training facilities.

AIP Procedures. The airport grant process generally begins with a preliminary meeting between the state or airport sponsor and FAA to discuss planning, procurement, and the Disadvantaged Business Enterprise Program. An initial planning grant may be used to prepare airport layout plans, provide the opportunity for public hearings, consider environmental impacts, and ensure the effective use of airport development resources. Planning and

environmental workload has increased substantially in recent years thereby complicating the airport grant process.

The airport sponsor normally files a preapplication for a development project. The preapplication for an airport grant may be submitted through a state agency as noted below. A refined application is then submitted with assurances the project is in accordance with Federal laws, executive orders, regulations, Office of Management and Budget circulars, advisory circulars, and state standards. If the project is approved, FAA issues a grant offer, which becomes the grant agreement after acceptance by the sponsor. Federal oversight of the initial airport grant process ensures an interface is maintained with other FAA programs, such as air traffic, flight standards, airway facilities, logistics, and civil aviation security.

An airport grant project is accomplished by the sponsor monitoring the performance of work, making contract payments, determining that costs are allowable, and auditing of accounts. The airport sponsor's responsibilities have increased in recent years with labor, contracting, and lobbying provisions, to name a few. Federal oversight of these functions ensures that projects are accomplished in accordance with applicable FAA airport design standards, safe and efficient use of navigable airspace, and uniform administrative requirements.

In accepting Federal grants for other than planning, the airport sponsor incurs obligations which continue after the project is financially complete. The continuing obligations include: keeping the airport available for public use on fair and reasonable terms; maintaining the airport; not granting exclusive rights; taking appropriate action to achieve compatible uses of land in the vicinity of the airport; using airport revenue for airport purposes; making records available for inspection by the FAA; and ensuring that no person is excluded from participating in any activity conducted with or benefiting from grant funds on the grounds of race, creed, color, national origin, sex, age, or handicap. Federal oversight of the sponsor's compliance with the obligations ensures that the investment of AIP funds is protected.

State Involvement in Airport Grants

State channelling of Federal airport grants occurs in various forms in numerous states. This is required in those states where a state agency has been designated through which airport sponsors must seek approval prior to the granting of Federal funds. State channelling of Federal airport grants may entail significant oversight by the states beyond review by the FAA of the sponsor's project work and continuing obligations.

Most of the states have direct involvement with Federal airport grants, even when state channelling does not occur. Many of the states own NPIAS airports or act as agents for the airport owners that receive a Federal grant. State involvement with project work and continuing obligations of this type may be as significant as in the states which require channelling of Federal grants. Some of the states also have active airport grant programs of their own.

All of the states have some role in airport grants, even where channelling or other direct involvement in Federal projects does not occur. Each of the states has a system of existing and proposed airports which is related to overall state activities. States, in consultation with local elected officials, establish procedures on intergovernmental project coordination for airport grants. States and local governments are responsible for the establishment of procedures for airport zoning or other land use controls to protect airports as required by grant assurances. These are significant involvements with airport grants that all states have in common, although state aviation functions vary widely.

State Demonstration Program of 1977-1978

A demonstration program in which four states administered airport development projects was conducted during fiscal years 1977-1978 to evaluate enhanced state involvement in Federal grants. Arizona, Michigan, Pennsylvania, and South Dakota administered Airport Development Aid Program (ADAP) grants for general aviation airports in their states. The following is a summary of FAA findings from the state demonstration program report to Congress of June 1978 and a follow-up report dated November 1979:

- o Twenty-three states submitted applications for the demonstration indicating broad state interest.
- o Four states administered their projects satisfactorily. A number of errors or omissions occurred due to inexperience with Federal program requirements.
- o Except in a few cases, construction appeared to be of satisfactory quality.
- o Engineering was the strongest point of the state organizations. Only three of the 17 demonstration projects had significant engineering problems, while environmental considerations and sponsor compliance with various contractual provisions of the grant agreements received less attention.

- o States were uniformly critical of the statutory requirement that they must operate in the same manner and be subject to the same conditions as the FAA.
- o States shared the opinion that the demonstration period was too short. Block grants were accepted during February and March 1977, which left only nine months until the evaluation data collection phase was completed.
- o States expressed the belief that they could administer grants more quickly and effectively than the FAA.
- o Some airport sponsors agreed in principle that states could administer grants more quickly and effectively than the FAA, although they had little or no experience with ADAP projects to draw comparisons.
- o In some instances, states suggested they would need additional resources from the Federal Government if state block grants were made permanent.
- o The majority of states and airport sponsors expressed reservations about the use of sponsor certification procedures since the ultimate liability for defects in project accomplishment rests with the state or FAA.

The following is a summary of FAA conclusions and recommendations from the state demonstration program report to Congress of June 1978 and the follow-up report dated November 1979:

- o In general, the states administered the grants with enthusiasm and success. All of the states had weak spots in project documentation due to personnel turnovers and a lack of complete familiarity with Federal administrative and technical requirements. State performance in engineering control was satisfactory with a very few exceptions.
- o In three of the four states, augmentation of the aviation organization's resources would be needed if state block grants were made permanent. The additional resources could be personnel or increased budgets for accounting, legal, land appraisal, relocation assistance, and other services. Sufficient manpower is needed to advise and assist airport sponsors and periodically inspect project work.
- o The statutory requirement for the states to operate in the same manner and be subject to the same conditions as the FAA was the provision of the program most criticized by states. The administration of the ADAP is based on the Airport and Airway Development Act and 42 other statutes and regulations.

These requirements cannot be administratively waived, although some states suggested that use of state laws which address the same issues would accomplish the intent of the Federal laws.

- o An extension of the demonstration program was recommended since FAA had already conducted, in varying degrees, preliminary work on individual projects in each of the states. Overall, the time allowed for the demonstration program was too short. The demonstration program did not provide for projects of enough variety and complexity to be a full test.

The Congress did not act on these recommendations, and the demonstration program expired.

SECTION 2

STATUTORY AUTHORITY

The Airport and Airway Improvement Act of 1982 (1982 Act) established the AIP which provides for grant assistance with airport planning and development funded from the airport and airway trust fund. The 1982 Act has been amended several times, and one major amendment is the 1987 Act. Another major amendment to the 1982 Act is the 1990 Act.

Section 116 of the 1987 Act added a new section 534 to the 1982 Act to authorize the State Block Grant Pilot Program. That section reads as follows:

"(a) Promulgation of Regulation; Effective Period.--Not later than 180 days after the date of the enactment of this section, the Secretary shall promulgate regulations to implement a State block grant pilot program to become effective on October 1, 1989. Such program shall not be effective after September 30, 1991.

"(b) Assumption of Certain Responsibilities.--Such regulations shall provide that the Secretary may designate not more than 3 qualified States to assume administrative responsibility for all airport grant funding available under this title, other than funding which has been designated for use at primary airports.

"(c) Selection of State Participants.--The Secretary shall select States for participation in such program on the basis of applications submitted to the Secretary. The Secretary shall select a State only if the Secretary determines that the State--

"(1) has an agency or organization capable of administering effectively any block grant made under this section;

"(2) uses a satisfactory airport system planning process;

"(3) uses a programming process acceptable to the Secretary;

"(4) has agreed to comply with Federal procedural and other standard requirements for administering any such block grant; and

"(5) has agreed to provide the Secretary with such program information as the Secretary may require.

"Before determining that any planning process is satisfactory or any programming process is acceptable, the Secretary shall ensure

that such process provides for meeting critical safety and security needs and that the programming process ensures that the needs of the national airport system will be addressed in deciding to which projects funds will be provided.

"(d) Review and Report.--The Secretary shall conduct an ongoing review of the program established under this section, and shall, not later than 90 days before its scheduled termination, report to Congress the results of such review, together with recommendations for further action relating to the program."

Section 9114 of the 1990 Act extended the State Block Grant Pilot Program from the original two years, to three years, so that it is effective through fiscal year 1992. The same section also added time to the period allowed for the pilot program to be effective before the FAA report to Congress.

SECTION 3

STATE SELECTION PROCEDURE

Rules for selection and participation of states in the State Block Grant Pilot Program were published as Part 156 of Federal Aviation Regulations during October 1988. Letters of interest were solicited from governors, and interested states were provided with the procedure for state applications. After applications were received, a state selection committee reviewed each application and made a recommendation to the FAA Administrator.

The letters of interest were solicited by the FAA Administrator from governors of the 50 states, six territories, and the District of Columbia in November 1988. Letters of interest in accordance with Part 156 were received from 35 states. Eight additional states responded in writing that they would not apply. Only 14 states did not respond in writing to Part 156.

The publication of Part 156 also resulted in letters of comment from six states and the National Association of Aviation Officials. A meeting between the National Association of State Aviation Officials and the FAA was held in December 1988 to discuss these comments. The following is a summary of the main comments:

- o A larger number of states should be involved in the pilot program.
- o Pilot program administration costs should be allowable.
- o The selected states should have the same authority regarding waivers and special grant conditions as the FAA.
- o States should have access to discretionary funding over and above the block grant amount.
- o States should not be required to distribute funds using the Federal percentages for the various categories of airports and types of work.
- o The intent of Congress under the State Block Grant Pilot Program is to permit the Federal Government to "bless" an existing state program for distribution of grants. The pilot program should not repeat the state demonstration program of fiscal years 1977-1978 which required states to operate in the same manner and subject to the same conditions as FAA.

The interested states were provided with a booklet on the procedure for applications, the state selection process, and pilot program ground rules, in December 1988. The booklet, Procedure for State Applications, is shown in Appendix A. The booklet resolves some, although not all, of the comments received on Part 156.

Of the 35 states that expressed interest, applications based on the guidance in the booklet were received from 10 states. Nine of the states that submitted letters of interest later responded in writing that they would not apply for the pilot program. The remaining 16 states also did not apply. The list of state applications, letters of interest, and other responses to Part 156, is shown in Appendix B together with the date of the correspondence.

After the applications were received, a state selection committee composed of FAA personnel reviewed applications in March 1989. The selection committee determined that each applicant met mandatory requirements set forth in the authorizing legislation, including organizational capability, planning process, programming process, procedural requirements, and provision of program information. The selection committee discussed each application and ranked them in order of relative merit.

The state selection committee made a recommendation to the FAA Administrator to select Illinois, Missouri, and North Carolina. See the approval memorandum for state selection in Appendix C. These states were notified of their selection in May 1989, and an initial meeting was scheduled in June 1989 to discuss pilot program guidance.

The nonselection of other applicants does not reflect on the overall merit of any state aviation program since selected states represent the diversity necessary to demonstrate the block grant concept. The pilot program authorization allows selection of only three states. The selected states are in different FAA regions and had different grant processes and airport systems and a spread of population size. Illinois is the only one of the selected states that requires channelling of Federal airport grants through a state agency. Illinois had 84 AIP projects in fiscal years 1987 and 1988, Missouri had 50, and North Carolina had 45. Illinois had a 1980 population of 11,427,000; Missouri had 4,917,000; and North Carolina had 5,882,000.

SECTION 4

PILOT PROGRAM GUIDANCE

The requirements for the State Block Grant Pilot Program have been set forth in the form of written program guidance. The basic program guidance has been provided in Part 156 of the Federal Aviation Regulations and a supplemental booklet for interested states. Additional guidance is contained in the addenda to the booklet for participating states, various agreements with the FAA, and several pilot program guidance letters.

Part 156

Part 156, which became effective in November 1988, provides an outline of the rules for participating states. Part 156 indicates that airports aided under block grants shall be in the NPIAS and that system planning is not eligible under the pilot program. It indicates that eligibility and cost allowability are the same as for FAA projects, and state program administrative costs are not allowable. It requires states to ensure airport sponsors comply with grant assurances, while reserving to the FAA Administrator the responsibility to enforce terms of block grant agreements.

Booklet for Interested States

Part 156 has been supplemented by the booklet, Procedure for State Applications (Appendix A), dated December 1988, which provides most of the ground rules for the pilot program.

The booklet describes a primary difference between the pilot program and the state demonstration program of 1978-1979. Pilot program states have "maximum flexibility to carry out the grant program." However, the caveat is added that the FAA does not have authority to exempt states from compliance with mandatory program aspects in grant assurances.

The following subjects are also described in the booklet:

- o FAA's role is advisory, except for NPIAS and Part 150 matters.
- o Eligibility and auditing is based on FAA Order 5100.38, Airport Improvement Program (AIP) Handbook.
- o Program administrative cost normally incurred by the FAA is not eligible. "Program" administrative costs are

distinguished from "project" administrative cost, since the latter continues to be eligible in block grants.

- o Annual block grants are issued in October or as soon thereafter as the FAA has budget authority to issue grants.
- o Block grants include discretionary funds.
- o Compliance and enforcement responsibilities are negotiated.
- o The total state matching share, not that of individual airport projects, is as required by the Airport and Airway Improvement Act. The specified state apportionment funds must be expended for projects which are not at commercial service airports.
- o System planning projects will continue to be administered by the FAA.
- o Block grant payments are by letter of credit or the system which replaces the letter of credit.
- o Pilot program review includes airport sponsors and the FAA.

Addendum to the Ground Rules

An addendum to the Procedure for State Applications booklet was used as a discussion paper for the June 1989 initial meetings with selected states. Addendum to the Ground Rules is shown in Appendix D, and it identifies evaluation factors to be considered by the FAA in its review of the pilot program.

Due to variations in existing state law or procedures, the Addendum to the Ground Rules provides for individual states and FAA regions to prepare written agreements. The following subjects are suggested as a minimum for the written regional agreements:

- o Environmental impact assessment responsibilities, except noise studies under Part 150 of the Federal Aviation Regulations, have been delegated to states. The FAA does not decide on the list of funded projects.
- o Airport layout plans should be submitted to the FAA field office which will provide an advisory opinion rather than plan approval. If justification is developed to add a location to the NPIAS, the state may submit that documentation to the FAA.

- o The project monitoring and reporting system for the pilot program will be agreed upon by the FAA region and each participating state.
- o Monitoring sponsor compliance with grant assurances is a state responsibility. The U.S. Departments of Labor and Transportation, or FAA regional offices, may participate in investigations.

As an extension of the June 1989 discussions, a three-day course to train participating state personnel on compliance with grant assurances was held in Raleigh, North Carolina, during October 1989. The course was based on FAA Order 5190.6, Airport Compliance Requirements.

Regional Agreements

Specific pilot program guidance has been tailored to the individual states and FAA regions in three regional agreements signed between November 1989 and February 1990. In addition to the subjects suggested by Addendum to the Ground Rules, all three written regional agreements cover civil rights, project coordination, construction specifications, and the Exhibit A property map. However, each of the regional agreements is different and provides a vehicle to communicate specific pilot program guidance for the individual state.

Block Grant Agreements

Further specific program guidance is contained in two sets of block grant agreements signed during January-February 1990 and January-March 1991. A third set of block grant agreements is being used for fiscal year 1992. The grant agreements incorporate the block grant application together with the State Block Grant Pilot Program assurances, standard airport sponsor assurances, and standard noise sponsor assurances. The standard assurances list all applicable Federal laws, executive orders, regulations, Office of Management and Budget circulars, and advisory circulars. The approved state standards for development at nonprimary airports, if applicable, are also referenced in the standard assurances.

Pilot Program Guidance Letters

Several pilot program guidance letters have addressed other questions for the states and FAA regions as they arose. When the pilot program guidance has been in the form of FAA internal memoranda, the FAA regions have forwarded the appropriate

information to states. A copy of the internal memoranda has also been provided to the National Association of State Aviation Officials.

The first of the pilot program guidance letters was a memorandum in October 1989 on environmental responsibilities. It indicates that changes to state environmental decisions may be necessary for projects started by the states which need new grants after the pilot program since FAA procedures then apply.

A second pilot program guidance letter in November 1989 substituted revised standard assurances for those in Appendices 4 and 5 of the booklet for interested states. It also enclosed the list of current advisory circulars for AIP projects.

A January 1990 memorandum provided program guidance about calculation of fiscal year 1990 grant amounts in a form that the states could identify the category of funding.

The next memorandum in July 1990 described the evaluation procedure to be used by an FAA advisory team for the formal review of the pilot program.

An August 1990 memorandum provided guidance about calculation of the fiscal year 1991 grant amounts.

An October 1990 memorandum requested states to review the draft format for final state reports which are incorporated verbatim in Appendices E, F, and G to summarize their views. This memorandum also provided a fiscal year 1991 schedule of events.

Another memorandum in November 1990 provided further guidance about calculation of the fiscal year 1991 grant amounts. It also revises the schedule of events for fiscal year 1991 and provides a schedule of events for fiscal year 1992 based on amendments in the 1990 Act.

A March 1991 memorandum provided the draft schedule of formal review meetings and requested states to propose an itinerary for site inspections. It also described the FAA advisory team previously established to assist in formal review and evaluation of the pilot program.

The next memorandum in August 1991 advised regions of a review of the pilot program by the U.S. Department of Transportation, Office of the Inspector General.

A September 1991 memorandum advised regions of procedures for states to petition the FAA for an exemption from Part 156 to allow pilot program administrative costs under the AIP.

A pilot program guidance letter in November 1991 requested final state reports (Appendices E, F, and G) and other program information from the states.

Another memorandum in November 1991 provided guidance about the calculation of fiscal year 1992 grant amounts. It also changed the guidance to allow recovered funds to be available for states on a continuing basis whether or not the block grant program is reauthorized.

SECTION 5

PROGRAM REVIEW AND EVALUATION

The State Block Grant Pilot Program evaluation includes both formal and ongoing reviews. The methodology and general findings for the formal program review meetings are described below. The information requested in final state reports (Appendices E, F, and G) is also described generally in this section. More detailed findings for each participating state from the formal and ongoing reviews are contained in the next three sections.

Methodology and General Findings

The pilot program evaluation is based on measures of program achievement which were initially outlined for the states in June 1989 (Appendix D). The factors which were uniformly evaluated include: written program procedures; preproject activities; project activities; postproject compliance with legislated requirements; and the relationship between states, local entities, and FAA. These factors were discussed with the states, airport sponsors, FAA personnel, consultants, and other interested individuals. The formal review and evaluation by an FAA advisory team included formal evaluation of files, interviews, site visits, and inspection of work. A schedule of review meetings is contained in Appendix H.

The general findings of the program review and evaluation are that the three pilot program states have distinct approaches to the block grant concept. Illinois has a large state aviation agency which requires channelling of Federal airport grants. Missouri has a small state aviation agency which significantly increased its ability to administer the pilot program during the two years. North Carolina has a medium-sized state aviation agency with fewer functions than Illinois and more than Missouri.

This range of institutional arrangements represents a challenge and opportunity to identify administrative functions which might successfully be shifted to or shared with states in carrying out AIP. A single formula for the block grants may not be preferable, from the standpoint of conforming to existing state administrative structures, or necessary in order to provide reasonable flexibility for state grant administration.

Methodology. The pilot program procedures which were evaluated include those prescribed by FAA and individual states. The overall FAA procedures were found to have evolved somewhat in pilot program guidance letters, as did the calculation of grant amounts. The fiscal year 1990 block grant amounts were based on

trends in previous funding within each state. This procedure was replaced for fiscal years 1991-1992 by a demand-based approach using the capital improvement program (CIP) for states similar to the CIP prepared by FAA field offices.

The preproject activities or issues which were evaluated include the state block grant applications, cost allowability, and airport layout planning. State applications were reviewed to ensure that appropriate supporting documentation is used. Cost allowability was checked in terms of reasonableness, eligibility, priority assignment, and project justification. Airport layout planning was evaluated from the standpoint of FAA standards, coordination with users and others, the CIP, environmental assessment, forecasting, site approval, NPIAS input, and Part 150 approval. Several of the preproject issues were found to have significance for all states whether involved in the block grant program or not. For instance, the pilot program states each had established procedures on intergovernmental project coordination for airport grants which are effective in facilitating the grant process. The pilot program states also had well-developed CIP procedures in place so that they could effectively interface with FAA programming requirements.

Project activities or issues which were evaluated include administrative costs, uniform administration requirements, project monitoring, and as-built conditions. Program and project administrative costs were considered along with payments and audits. Uniform administrative requirements including procurement standards, contract provisions, civil rights requirements, and labor provisions were reviewed. Project monitoring was evaluated from the standpoint of coordination with the FAA and others, preapplication conferences, preconstruction conferences, plans and specifications approval, inspection reports, safety during construction, and materials design and tests. As-built conditions and drawings, equipment inventories, property maps, title evidence, relocation plans, appraisals, and offers to acquire land were also reviewed.

The postproject activities or issues which were evaluated include all aspects of compliance with legislated requirements by the states and airport sponsors. These continuing compliance obligations include: keeping the airports available for public use on fair and reasonable terms; maintaining the airports; not granting exclusive rights; taking appropriate action to achieve compatible uses of land in the vicinity of the airports; using airport revenue for airport purposes; making records available for inspection by the FAA; and ensuring that no person is excluded from participating in any activity conducted with or benefiting from grant funds on the grounds of race, creed, color, national origin, sex, age, or handicap. Several of the postproject issues were found to have significance for all states

whether involved in the block grant program or not. The pilot program states had established procedures for airport zoning and other land use controls which are effective in preserving the investment of AIP funds. The pilot program states also were interested in assisting airport sponsors to comply with the entire list of grant assurances whenever the opportunity arose.

The relationship among states, local entities, and FAA was also evaluated. The contact with state personnel included both management and individuals directly involved in the projects. The local entities contacted include airport management and owners, consultants, and, in some cases, other individuals interested in the projects. The involvement of FAA personnel in addition to the advisory team included regional management and individuals involved with projects in the participating states. Interviews with each of these parties were conducted to identify issues of concern. In addition, the views of these parties on their recommendations for the block grant program were solicited. The relationship among pilot program states, local entities, and the FAA was found to be excellent in nearly all respects.

General Findings. From the perspective of the FAA airports offices, state aviation staffs have been very helpful and have cooperated well. Each of the pilot program states was ready to facilitate the AIP grant process.

Most of those interviewed were very positive about state involvement in the pilot program and endorsed expansion of block grants to other states. Many were enthusiastic about the new role or discretion for the states in selecting and administering projects. The evaluation of files and inspection of work supported this prevalent view of the pilot program.

However, a reservation which was expressed repeatedly is that expansion of the block grant program would increase variations in the way the AIP is administered by different offices. Instead of nine FAA regions, many additional state differences could be added to the interpretation and application of FAA airport design standards. This diversity may accommodate different situations, although a block grant program could potentially impact the application of airport standards and require consultants working in several states to apply varying procedures.

Expansion of the block grant program would involve training of state personnel on the Federal airport grant program to ensure success and uniform administration in participating states where uniformity is appropriate. Each of the pilot program states welcomed the prospect of using Federal airport training, conferences, and program guidance as an umbrella for state policies. Based on the pilot program, the length of time

required to incorporate the desired training into state aviation organizations would be substantial in all cases.

In general, six block grants have been issued to the three states during fiscal years 1990-1991 for a total of \$89 million, including \$62 million of discretionary funds. A total of 117 airport projects for these two years has been put under grant by the three states for an investment of \$65 million in AIP funds. Three block grants have been issued in fiscal year 1992 for a total of \$58 million, but complete data for this year were not available for this report.

Final State Reports

The final reports on the State Block Grant Pilot Program by the participating states summarize achievements, problems, and suggested modifications to airport block grants (Appendices E, F, and G). Some of the report information which was originally provided by the states has been omitted from the final reports. It may be obtained directly from the state, and the meaning of terms or information used in the reports may also be obtained from the states.

States were requested to provide their reports prior to the formal review meetings so that FAA could specifically address areas of concern. State reports were available in preliminary form to assist in preparing the FAA findings.

The three states were asked to provide the following:

1. Methods for project selection including, as applicable, project justification, eligibility, priority assignment, cost allowability, and capital improvement programming.
2. Any differences between state agreements and the FAA standard agreements with airport sponsors.
3. Use of airport layout planning and modification of standards based on FAA design and construction procedures.
4. Procedures used to meet state environmental laws or the U.S. Council on Environmental Quality Regulation.
5. Coordination procedures with interested parties and the FAA at each stage of pilot program airport projects.
6. Experience in complying with procurement requirements.
7. Land acquisition and relocation process.

8. Project monitoring, safety requirements, quality control, and contract administration during construction.

9. Compliance procedures and enforcement of labor, civil rights, and other grant assurances.

10. Audit procedures for the block grant program.

11. Feedback received from airport sponsors or others on block grant procedures.

12. Administrative costs for start-up pilot program procedures and ongoing administration of the block grants.

13. Overall assessment of the value of the concept of state block grants, whether state block grants should be made permanent by legislation, and, if so, any modifications recommended for a continuing national block grant program.

SECTION 6

FINDINGS IN ILLINOIS

The relatively large Division of Aeronautics within the Illinois Department of Transportation was experienced in channelling Federal airport grants prior to the State Block Grant Pilot Program. The Division of Aeronautics includes separate sections for airport design, land acquisition, construction, materials, planning and programming, and administrative services. The state employs more personnel than the FAA Chicago Airports District Office (ADO) has in its airport program working on projects or issues directly related to Illinois.

Airport sponsors for all categories of airports in Illinois were familiar with the Division of Aeronautics. The sponsors and consultants indicated virtually no difference in handling projects under the pilot program compared to the typical airport grant process through the Chicago ADO.

Illinois personnel appeared to be prepared to facilitate the grant process and expressed great enthusiasm about the pilot program. The regional FAA personnel indicated that the state usually does an excellent job of managing the pilot program.

The block grants have been utilized for projects in Illinois as the funds were provided. The utilization rate of block grants by the states is shown in Appendix I. Two block grants were issued to Illinois for a total of \$46,301,045, including \$34,166,947 of discretionary funds during fiscal years 1990-1991. A total of 80 airport projects were put under grant by the state for an investment of \$45,465,204, Federal share, during the first two years of the pilot program. A block grant of \$28,400,000 for fiscal year 1992 has also been issued.

Program Procedures

The pilot program procedures in Illinois resulted in issuance of grant agreements to individual airport sponsors very uniformly throughout each quarter of the year. This reflects both the readiness of Illinois for the pilot program and the issuance of block grants to the state at the earliest possible time by the ADO. It is part of a broader trend to distribute AIP funds to all field offices earlier than in previous years. Lower project costs can be achieved by taking advantage of low bids at critical points in the construction season. In most cases, construction was completed in the same year as contract award.

The Illinois Division of Aeronautics has power of attorney for the airport sponsors for contracting and making payments to contractors. This mechanism is based on the state channelling authority, and it provides uniformity and efficiency in administration of the block grant funds. Illinois also has FAA approved state standards for airport development projects. However, in many cases Illinois has used FAA procedures for administration of the block grants even when it was not a requirement of the pilot program. Not all FAA program guidance had been distributed by the state to Illinois personnel, which resulted in minor differences with ADO procedures.

The pilot program was interpreted liberally in Illinois to involve the Division of Aeronautics in more areas than Missouri and North Carolina. For instance, coordination of navigable airspace matters and maintenance of the data base for airport obstruction evaluation are project-related responsibilities which were assumed to a greater degree by Illinois. A few problems occurred with delays, inaccurate information, and incomplete coordination. Some of the FAA training and guidance for handling airspace matters have been unavailable to the state staff. In addition, the FAA procedures for handling airspace coordination do not presently provide for state involvement in lieu of the ADO. Overall, regional FAA personnel said that the state took the initiative to handle this aspect of the program in a professional manner notwithstanding these problems.

One pilot program procedure has caused the Illinois Division of Aeronautics to believe that it has received less discretionary funding than would have been the case without the block grants. The calculation of block grant amounts for each state included discretionary funding at the time grants are issued to simplify the pilot program. A single annual block grant has been made, and the state knows that amount when it is issued. Illinois personnel stated that they would rather receive discretionary funding subject only to statutory limitations on amendments. Currently, AIP projects for airport development may be amended to increase the grant by up to 15 percent. The Illinois proposal would allow the state block grant airports to compete for discretionary funding at the end of the year in the same way as other AIP projects. The state believes that reliever airports near Chicago and its converted military air bases would be funded at higher levels under this approach.

An agreement between Illinois and the FAA allows grants under the letter of intent (LOI) for the reliever airport in Du Page county to be administered by the ADO. This was an LOI commitment made prior to starting the pilot program. If the block grant program is continued, regional FAA personnel indicated that an LOI issued to an airport for a specific amount should be included in the block grant.

Preproject Activities

Basic airport plans and environmental studies for pilot program projects in Illinois had been accomplished primarily through the ADO in prior years. Few airport master plans or environmental assessments were initiated as separate projects by the state under the pilot program. However, most airport layout plans appear to be relatively current and have been forwarded to the ADO for review when completed in accordance with pilot program procedures. Decision documents on environmental considerations have been prepared for pilot program projects in a similar manner as done by the FAA. Illinois has also adopted the practice of asking for FAA review of environmental documents when completed due to the sensitivity of this area.

The planning process is facilitated by the Illinois staff of specialists in airport data, computer aided drafting, systems analysis, and environmental assessment. The airport planning function is closely related organizationally to programming decisions.

Programming procedures in Illinois focus on a series of meetings with sponsors, consultants, the state, and the FAA which culminate in the announcement of the state's annual airport improvement program. The annual state program meetings are well received by those involved as an opportunity to openly exchange information on airport facility requirements, Federal standards, and grant assurances. The annual state program lists recommended projects and alternates. A proposed five-year capital improvement program is also established at this time. The priority system used for block grants is in accordance with the FAA priorities for airport projects.

Another programming procedure in Illinois allows a contingency for block grant airport projects in the amount of 2 percent of the construction cost. This is an appropriate exercise of state discretion. Office of Management and Budget Circular A-87, Cost Principles for State and Local Governments, which describes allowable costs applicable to grant programs, does not permit the actual payment for contingencies. However, use of a contingency amount for calculating the project grants is acceptable under the block grant and may cover unforeseen work without issuing amendments. Unused contingencies in Illinois are returned to the state's block grant program. Program guidance for projects administered by the FAA does not allow contingencies since they tie up funds that could fund additional work, and grants can be amended up to 15 percent. The FAA manages the AIP to have funds available for most approved grant amendments and does not encourage the state use of contingencies in the calculation of grant amounts. Contingencies used in the calculation of grants

may tend to be used by sponsors and consultants for work of a lower priority.

Project Activities

The Illinois procedure for land acquisition is facilitated by a state staff of specialists in real estate and relocation. However, some discrepancies were noted during inspections of projects underway for the general aviation airport at Peru and the reliever airport at Aurora. Land which the FAA would have required the sponsors to acquire to meet standards had not been addressed in the grant agreements. Property inventory procedures were also less formal than those followed by the ADO.

Airport construction projects under the pilot program in Illinois were implemented quickly because of the existing procedures and staffing which is in place. The Division of Aeronautics had already prepared extensive advisory information on airport materials, plans and specifications, and the preconstruction conferences.

The Division of Aeronautics also holds predesign conferences for all airport development projects in Illinois whether they are funded with state funds, a block grant, or other FAA airport grants. A typical predesign conference is attended by the sponsor, project engineer, the state, and the FAA. Detailed discussions are held to cover design parameters, safety, construction techniques, project scope, materials, engineering, reports, certifications, schedules, and documentation. Based on the nature of the discussions and the parties involved, the predesign conference appears to be a prime time for FAA participation. The consultant at Aurora stated that FAA personnel had missed some predesign conferences which, at a minimum, should have ADO involvement. The predesign conference allows FAA to provide input on safety, standards, and overall procedures, as well as to maintain a continuing relationship with the sponsor.

The types of pilot program projects in Illinois are similar to those which would have been placed under grant by the ADO. The descriptions of pilot program projects under grant are shown with the final Illinois report (Appendix E). The number of grants issued by airport type are shown in Appendix J. Federal funds provided by the states by airport type and work element are shown in Appendices K and L. These appendices are similar in format to the annual AIP reports for comparative purposes.

Disadvantaged business enterprise (DBE) participation in pilot program projects is also similar to that in ADO grants. A single statewide DBE goal for the airport sponsors receiving block grant

funds has been established each year and approved by the FAA. The goals for fiscal years 1990-1991 were 10 percent and 11 percent, respectively. Actual DBE participation achieved in block grant airport projects exceeded the goal each year. Illinois has allocated sufficient staff to administer civil rights requirements, and nothing was found in the state organizational structure or its relationship with airport sponsors to impede compliance.

Postproject Compliance with Legislated Requirements

Compliance oversight is one of the few entirely new state functions added by the pilot program in Illinois, since the channelling authority involves most other airport matters. During a discussion held in Springfield, the airport sponsor of the commercial service airport at Carbondale indicated that it appreciates involvement of the state in compliance matters. While this airport is inspected annually and certificated by the FAA under Part 139 of Federal Aviation Regulations, the compliance oversight of the state is seen as helpful rather than duplicative.

Another compliance issue in Illinois was found at Peru where a flight instruction business had not entered into an agreement to operate at the airport. The Division of Aeronautics responded to the complaint, corresponded with the parties, and held meetings to resolve the dispute. The ADO monitored the situation to ensure that the issue was resolved.

State/Local/FAA Relationship

The relationship between participants in the pilot program in Illinois appears to be outstanding. This may be partially attributed to the state's very substantial involvement with airport sponsors for many years.

Many airport sponsors in Illinois have stated that they support continuation of block grants because, in part, the ADO staffing level is too low for the number of projects. Consultants and State personnel indicated that involvement of the Chicago ADO in airport development is necessary, especially in cases with new sponsors or at critical points in planning and predesign. In this regard, regional FAA personnel recommended that no decision authority which has been given the state during the pilot program should be withdrawn in the future.

The interviews tended to support giving the state responsibilities and flexibility in addition to that in the pilot program. The majority of those interviewed indicated that

funding from all current categories of airports in the pilot program should be included in any continuation of the block grant program.

The final Illinois report summarizes the state's positive results from the pilot program (Appendix E). The Division of Aeronautics did not know whether Illinois would claim program administrative costs if allowable in any continued block grant program. Program administrative costs approximated by the states, which were not allowable under the pilot program, are shown in Appendix M.

SECTION 7

FINDINGS IN MISSOURI

The relatively small Aviation Section within the Transportation Division in Missouri has dramatically increased its ability to administer the State Block Grant Pilot Program over two years. The Aviation Section has an airport inspector and planner in addition to other resource personnel within the Missouri Department of Highways and Transportation. To administer the block grants, one airport engineer and one technician position were added to the Aviation Section by the state legislature during fiscal years 1990 and 1991, respectively.

The block grants in Missouri have significantly changed the relationship among local, state, and Federal levels of government, as well as the private sector, during the pilot program. Many new functions are being undertaken by the Missouri Aviation Section. These functions had typically been assumed at the state level in Illinois over a long period of time because of state channelling authority. In Missouri, the pilot program has required extraordinary innovation. The Aviation Section has been simultaneously establishing and implementing the block grant program while trying to learn the process.

Growing pains have been experienced during the rapid transition into the pilot program by the Missouri Aviation Section. Delays occurred during the first two years of the pilot program in dissemination of general grant procedures, the state approvals to begin design work, and issuance of most grants. The airport sponsors, consultants, and regional FAA personnel generally indicated that the Aviation Section is doing well considering that it is understaffed. They uniformly agreed that the state would need more personnel to effectively function under the block grant program. They also agreed that a larger transition staff to establish procedures would be desirable.

During fiscal years 1990 and 1991, two block grants were issued to Missouri for a total of \$24,181,590, including \$16,711,000 of discretionary funds. A total of 13 airport projects were put under grant by the state for an investment of \$3,942,547, Federal share, during fiscal years 1990 and 1991 (Appendix I). A block grant of \$14,003,205 for fiscal year 1992 has also been issued to the state.

Program Procedures

The new pilot program procedures in Missouri have been in the process of being formulated for two years, and the state has been meticulous in establishing such procedures. The sponsors and consultants appreciate the complexity of the undertaking, yet indicate the state is not meeting its own project schedules. The time taken for establishing procedures has led to delays in the grant process and will likely result in higher than normal project costs. The Aviation Section indicated they have followed FAA procedures since the airport projects may revert back to FAA at the end of the pilot program. The state has specifically trimmed proposed projects to conform with FAA procedures, although they may innovate more if the block grant program is continued. For instance, the length of runways has been reduced from that proposed by sponsors. The regional FAA personnel indicated the state review of grant documentation is frequently more detailed than that performed by FAA.

Missouri had inadequate time to establish procedures since the engineer added for the pilot program started work two months before issuance of the first block grant. One consultant stated preference not to work within a new block grant program, but supported the concept and looked forward to it after procedures were in place. The general aviation airport sponsor at Rolla indicated that there were new players due to the transition to block grants. The Aviation Section recommended that states may need a year to hire staff, establish procedures, and provide transitions after being notified they will receive block grants in any continued block grant program.

FAA regional personnel indicated that on balance no reduction of workload was realized for the region while pilot program procedures were established in Missouri. During this period, significant time was spent assisting the state. Some regional workload reduction, however, was realized by the end of the first year as the state made the transition from establishing procedures to implementing the program.

Preproject Activities

Missouri actively encourages basic airport planning and environmental studies as it had prior to the pilot program. Abbreviated master plans, which focus on the most critical study needs, have been promoted to avoid excessive planning costs at smaller airports. Most planning or site approval was completed by FAA before the pilot program. The Aviation Section also requests regional office review of airport layout plans prior to state approval.

Missouri is able to draw on the resources of the Design Division in the Department of Highways and Transportation for assistance on environmental reviews. As in Illinois, the Aviation Section asks for FAA concurrence on environmental documents after approval by the state.

Missouri uses the state airport system plan as a programming document and for the selection of airport locations to receive funding. The system plan is updated continuously. It is also the basis for making decisions on individual items of development at an airport.

Missouri uses a grant programming and application procedure which some personnel involved in the projects felt is more simplified than FAA applications. The consultant at Rolla, for instance, indicated the state application procedure is easier to understand, and they see the state personnel more often. Initial planning grants under the pilot program are also amended in some cases to include developmental work without using a second application and grant approval process. However, the state is following Federal procedures closely in most respects, and in certain areas the state's requirements are more stringent, e.g. procurement standards for prequalification of contractors.

Another characteristic of programming in Missouri is that a number of projects have been programmed for airports with less than 20 based airplanes which do not have a high FAA priority. This priority assignment is an example of the flexibility states have had under the pilot program to combine funds from several AIP funding categories and apply them at the state's discretion. It supports desired development which would not be accomplished due to the lack of state and local funding. It is viewed favorably by some airport sponsors and consultants since the projects, including new airports, stimulate aeronautical activity. However, the reliever airport sponsor for Kansas City offers another view. The sponsor is concerned that airport system capacity may be affected by using part of the 10 percent reliever airport set-aside for low activity general aviation airports. This procedure also has the disadvantage of requiring large amounts of state staff time to train small airport sponsors who are unfamiliar with grant requirements.

Project Activities

Airport land acquisition is a high priority in Missouri and is supported to a large extent by the Right of Way Division in the Department of Highways and Transportation.

Work is also underway on several airport construction projects, and state personnel have held meetings and inspected work as

needed for these projects. Some project payments have been delayed until supporting documents such as cancelled checks were provided. This cost review is more rigorous than that of the FAA.

Pilot program projects placed under grant are shown with the final state report and related charts (Appendices F, J, K, and L). Note that there were no nonprimary commercial service airports in Missouri during fiscal years 1990 and 1991.

DBE participation rates in pilot program projects are similar to those in FAA grants. A single statewide goal for airport sponsors receiving block grant funds has been established each year. The goal for both fiscal years 1990 and 1991 was 10 percent. Actual DBE participation achieved in block grant projects exceeded the goal each year, although Missouri has not allocated sufficient staff in the Aviation Section or the Construction Division of the Department of Highways and Transportation to administer civil rights requirements. The state's procedures for review of sponsors' DBE documents and compliance with Executive Order 11246, Equal Employment Opportunity, were not developed during the first two years of the pilot program. However, the state is committed to a successful program and is improving their oversight of many civil rights provisions.

During fiscal years 1990 and 1991, Missouri's airport project grants have been issued to sponsors at a slower rate than the block grant funds were provided (Appendix I). In light of sponsor and consultant comments about delays, regional FAA personnel agreed during 1991 to assist on actions leading to grant issuance for reliever airport projects.

Due to recent corrective actions which have been taken, Missouri's three-year cumulative rate of using block grant funds is similar to that in Illinois and North Carolina. For instance, the Aviation Section has issued grants during fiscal year 1992 based on engineering estimates, rather than competitive bids, as an expedient to utilize block grant funds for the three years. In addition, an exemption from the provisions of Part 156, which prohibit funding program administrative costs under AIP, has been granted by the FAA for fiscal year 1992. Program administrative costs are incurred in block grant states on work done by FAA airports offices elsewhere, such as reviewing grant applications and preparation of airport information for sponsors. The program administrative funds, up to 1 percent of the block grant, are being used by the Aviation Section to temporarily employ personnel from the highway divisions of the department to manage grants.

Postproject Compliance with Legislated Requirements

Missouri's Aviation Section has developed and implemented an effective information program, in conjunction with the annual airport safety inspections, to educate sponsors about their responsibilities under the grant assurances. Sponsors and consultants evaluate and certify the sponsor's compliance status at the time of the grant award. Since no major compliance problems have been identified under the pilot program, the surveillance and complaint resolution responsibilities of the state have not yet been addressed in detail.

State/Local/FAA Relationship

The relationship between pilot program participants in Missouri continues to be excellent. The airport sponsors and consultants generally feel that the state is very familiar with their general aviation airports.

The final Missouri report summarizes the state's view of the pilot program (Appendix F). The Aviation Section indicated Missouri would claim administrative costs if allowable in any continued block grants to ensure broad success of the program (Appendix M). The Aviation Section relies on the state general fund and was hampered by the fact that it received no AIP support for administration of the pilot program until 1992.

The reliever airport sponsor at Kansas City indicated that it supports providing the state with program administrative costs. This could be in the form of a percentage of the block grant, a simple flat amount for each state, or based on the number of airports. The Kansas City sponsor believes that the FAA should encourage establishment of independent state aviation departments rather than have states rely heavily on highway agencies. However, this same sponsor recommends excluding from any continued block grant program high activity relievers, airports needing projects related to FAA certification under Part 139, or sponsors with more than one airport. Such sponsors and their personnel are put in a difficult situation if asked to work with the FAA for one project and the state on another.

SECTION 8

FINDINGS IN NORTH CAROLINA

The Division of Aviation within the State of North Carolina is between the other two State Block Grant Pilot Program participants from the standpoint of its size and functions. The Division of Aviation, which is in the North Carolina Department of Transportation, includes a section for systems planning and one for aviation development. A grants manager and five engineers are directly involved in administering a substantial state airport grant program as well as the pilot program.

North Carolina is simplifying procedures more than the other two states in terms of less stringent project justification requirements and expanded eligibility of various types of work under the grants. Illinois and Missouri are rigorously following FAA procedures for project eligibility and justification. But North Carolina is altering these procedures to program basic runways, instrumentation, and maintenance projects with less documentation.

The pilot program in North Carolina is working efficiently within the existing organizational structure of the Division of Aviation. The regional FAA personnel and Atlanta ADO indicated enthusiasm for the pilot program since it has added needed personnel to the airport grant process and improved service for sponsors.

Most of the block grant funds have been utilized for projects in North Carolina as the block grants were provided (Appendix I). During fiscal years 1990 and 1991, two block grants were issued to the state for a total of \$18,150,717, including \$10,756,000 of discretionary funds. A total of 24 airport projects were put under grant by the state for an investment of \$15,981,422, Federal share, during the first two years of the pilot program. A block grant of \$15,478,062 for fiscal year 1992 has also been issued.

Program Procedures

The pilot program procedures in North Carolina are based on the established state airport grant program, although melding the two programs has involved some changes and considerable time. Some guidelines from the state airport grant program were revamped over the last two years along the lines of the pilot program to make procedures more uniform for the sponsors. For instance, a new project payment request form is now used for both state and Federal funds. The initial negotiation of an FAA regional

agreement with the state on environmental responsibilities, project coordination, and other procedural variations applicable in North Carolina required nearly a year. The regional agreement has been the subject of further discussion and amendment as problems arise.

While pilot program procedures in North Carolina are creative, the Division of Aviation indicated it would like to receive all FAA airports directives and internal memoranda sent from Washington headquarters to regions. This would allow the state to define their program along the lines of FAA procedures and to be aware of training or conferences which the states might attend.

One program procedure in North Carolina is that the Federal share of projects has been changed to 80 percent, with state and local agencies equally contributing the balance. This is an example of flexibility which states have under the pilot program that FAA offices do not. Section 510 of the 1982 Act provides that the United States share of general aviation projects administered by the FAA shall be 90 percent, except for public land states where it is higher. Section 513 provides the Federal share of terminal development administered by the FAA at commercial service airports shall not exceed 75 percent, although no such projects are in North Carolina's block grants. The reduced Federal share in North Carolina normally requires sponsors to contribute 10 percent of project costs rather than 5 percent in previous state/local arrangements for projects administered by FAA. However, the Division of Aviation believes that the larger local stake promotes better sponsor monitoring of most projects.

The Division of Aviation also expressed concern that it has received less discretionary funding under pilot program procedures than would have been the case without the block grants. The perception relates to the rapid growth occurring in the state's reliever airport category, primarily to relieve the new hubs at Charlotte and Raleigh. The reliever funding for fiscal year 1990, which was based on previous grant trends, had to be augmented in order to properly reflect current needs. The fiscal year 1991 funding continued at a similar level based on the CIP for the state. However, the Division of Aviation is interested in allowing the block grant airports to also compete for discretionary funding at the end of the year as proposed by Illinois.

Another problem with pilot program procedures has resulted in part from the difference between the Federal fiscal year which begins in October and North Carolina's fiscal year beginning in July. The lag between the two fiscal years causes delays in committing funds because sponsors and the state do not know

funding levels until they are well into their annual program. This issue is magnified by any delay in the appropriation of Federal funding or approval of block grants by FAA.

Preproject Activities

Basic airport layout plans and environmental assessments for pilot program projects in North Carolina were completed by the ADO in previous years. Airport layout plans are usually updated in a pilot program project, although the state discourages separate master planning projects prior to development.

North Carolina has added an environmental specialist to the staff for the pilot program; however, a continuing problem with this matter involves historic preservation. From the beginning of the pilot program, the State Historic Preservation Office (SHPO) has requested that the FAA be involved in the review of all projects for historic impacts. The FAA prefers to let the state handle this, but the ADO has had to review historic impact documentation for the SHPO in order to proceed with projects. The regional agreement with North Carolina indicates the FAA will be a signatory for findings on projects impacting properties defined in Section 106 of the National Historic Preservation Act of 1966. Unlike the case in Illinois and Missouri, the Division of Aviation does not ask for FAA review or concurrence on other environmental documents after approval by the state. Both the state and ADO feel that the division of responsibilities between the agencies for historic preservation and environmental assessment needs to be clarified for any continued block grant program.

North Carolina does not require justification in the programming of development projects except as required by the state's priority rating system and annual aviation element of the transportation improvement program. For instance, a 5,000-foot runway is considered to be a basic and justified project at any airport which is eligible for grants. The FAA normally limits eligible runway length to much less than this unless the sponsor provides endorsements from airport users which justify the project in terms of activity level and aircraft type. The FAA requires such documentation to ensure that the expenditure of funds at individual airports is where there is an established demand.

While the guidelines for project eligibility in North Carolina are generally similar to those used by the FAA in programming projects, several exceptions have been identified. Instrument landing systems may be programmed by the state without screening under the FAA benefit-cost standards, and routine pavement maintenance projects may be eligible. This is North Carolina's

interpretation of the pilot program regulation for issues which the FAA would treat more strictly. Due to the magnitude of potential costs and to achieve national priorities, instrument landing systems funded by the FAA require a Washington headquarters benefit-cost analysis. Routine pavement maintenance is generally ineligible under development projects administered by the FAA since it has been viewed as an airport management function. However, the state believes that the 1987 Act and Part 156 allow more flexibility in the block grants to accommodate these projects.

Programming procedures in North Carolina include a one-day seminar conducted by the state together with FAA personnel for all block grant airport sponsors and consultants. This is the primary forum for exchange of information about Federal requirements, and in many cases is used in lieu of state involvement at project meetings such as the preconstruction conference. The Division of Aviation attempts to work individually with new airport sponsors and consultants throughout the grant process.

Project Activities

Standard airport land acquisition is being accomplished in North Carolina block grant projects in advance of or during construction. However, the property inventory requirements are less refined than those followed by the ADO.

As with Illinois, airport construction projects under the pilot program in North Carolina were implemented in a timely manner because of the existing state procedures and staffing. The descriptions of pilot program projects placed under grant are shown with the final state report (Appendix G). The number of grants issued and Federal funds provided by airport type and work element have been generally similar to those which would have been approved by the FAA (Appendices J, K, and L).

Project payments under the pilot program in North Carolina were characterized by several airport sponsors as slower than the FAA payment procedure. The Division of Aviation indicated that it is looking into a letter of credit procedure to resolve this problem.

A concern was also expressed by North Carolina about the labor provisions in construction projects. Specifically, the wage rates distributed by the U.S. Department of Labor were unavailable to the Division of Aviation.

DBE participation rates in pilot program projects are similar to those in FAA grants. Unlike the procedures in Illinois and

Missouri, coordination on civil rights requirements for North Carolina is directly between the FAA regional Office of Civil Rights and each airport sponsor. DBE goals are set separately, rather than as a single statewide goal. When taken as a whole, actual DBE participation at North Carolina airports under the pilot program during fiscal years 1990-1991 exceeded the statutory goal of not less than 10 percent.

Postproject Compliance with Legislated Requirements

North Carolina appears to have managed its new compliance responsibilities well. During the one-day seminar for block grant airport sponsors and consultants, the FAA guidance entitled Airport Compliance Requirements was distributed. In addition, the sponsor of the general aviation airport at Salisbury indicated that the state had a major role in local enactment of height restrictive zoning required by FAA guidance. The same sponsor said that the state had helped significantly to resolve a problem with a landfill which created an undesirable attraction to wildlife at the airport.

A potential safety problem was observed at the general aviation airport at Albemarle. A large flock of resident geese were gathered on the runway and adjacent safety areas thereby creating bird strike hazards at the airport. The airport sponsor and Division of Aviation were notified of the problem and took prompt action to resolve this condition.

Several complaints involving compliance with grant assurances by airport sponsors in North Carolina have been received during the pilot program. For instance, the sponsor of the general aviation airport at Goldsboro was allegedly unwilling to allow an operation which the sponsor considered to have violated local airport rules and regulations. The Division of Aviation investigated the allegations, corresponded with the parties, and was instrumental in resolving the complaint. However, the ADO was also involved to a substantial degree in reviewing and resolving compliance cases.

State/Local/FAA Relationship

The relationship between participants in the pilot program in North Carolina appears to be excellent. The Division of Aviation and ADO personnel communicate verbally several times during each week on various block grant matters. The Division of Aviation noted a tendency for airport sponsors to continue communicating directly with the FAA. However, the ADO personnel have attempted to limit communications with block grant sponsors.

Some airport sponsor personnel in North Carolina indicated their strong support for continuation of block grants, while others were neutral. The close proximity of the Division of Aviation in Raleigh, which allows more frequent and easier travel than from the ADO in Atlanta, was repeatedly cited as a reason by those expressing support.

The reliever airport sponsor at Lincolnton supported including current categories of airports in any continued block grant program provided the state allocates funds made available from the 10 percent set-aside to reliever airports. North Carolina personnel indicated that overall they will adhere to the reliever set-aside even though that is not required by pilot program guidance. However, the flexibility in the pilot program has allowed funding for relievers at a lower level in some years, until project documentation was prepared, and making up the difference later.

The final North Carolina report summarizes the state's experience with the pilot program (Appendix G). The Division of Aviation indicated that it would probably be required to claim administrative costs if allowable in any continued block grants (Appendix M).

SECTION 9

CONCLUSIONS

The State Block Grant Pilot Program has shown that the three selected states can successfully assume more responsibility for management of Federal airport grants. Since these states were selected to represent the diversity of potential state administration, the conclusions below can be extrapolated to be applicable to many states.

The airport grant process is substantially more complex today than in the recent past due to increasing environmental and sponsor compliance workload. The greater state role supplements limited FAA resources available to manage these expanding responsibilities, higher AIP funding levels, and the passenger facility charge program. The states have more contact with general aviation airports, and state involvement allows FAA airports personnel to focus attention on managing grants for larger airports.

However, some problem areas related to state involvement have also been identified. Enhanced involvement of states in the AIP should be carefully structured to recognize these problems and constraints.

Constraints on State Involvement

Constraints on state involvement in the AIP have been identified based on observations made during the pilot program. The following areas should be addressed to facilitate any decision to shift or share AIP administrative functions under an expanded state block grant program:

- o One state initially had a small number of aviation staff available for airport grant administration, and this adversely affected its program management capability. States should be required to assure an adequate staffing level is in place before administrative and financial management functions are shifted to the state. Regardless of the size of staff available, states should also undertake training of their personnel on Federal airport grant program procedures and requirements. States should plan on continuous training activities as are encouraged for FAA personnel. Allowing the use of block grant funds for administrative costs under AIP to pay for a portion of the additional staffing and training would likely lead to more states adopting this practice. The approximate administrative cost to AIP of an expanded block

grant program would be \$2 million if most states participate based on 1 percent of fiscal year 1992 state apportionments.

- o Two of the three pilot program states did not normally encourage and fund a separate airport master planning or environmental assessment project prior to development projects. Lack of planning did not hinder implementation of pilot program projects since most basic airport plans or environmental assessments were completed by the FAA prior to the start of the block grant program. Timing of the planning and environmental assessments could be problematic later, however, as FAA funded studies become outdated. Therefore, states should be strongly encouraged to complete environmental assessments and plan regularly for effective use of airport development resources to develop their network of airports to meet forecast needs.
- o Expanding state involvement with Federal airport grant projects could increase variations in the way the AIP is administered. Many additional differences could result if each state, rather than the nine FAA regions, were responsible for adherence to airport design standards and procedures. Therefore, effective and visible FAA oversight should be maintained for all airports, including smaller general aviation airports, to avoid any potential derogation of airport safety and ensure airport systemwide standardization.
- o Involvement of states at relievers, commercial service, and joint-use facilities has merit, although rules which vary from state to state for these airports could cause national system inefficiencies. These airports are larger, more complex, and involve interstate travel to a greater extent than is the case for typical general aviation airports. Many provisions have been adopted by Congress to ensure uniformity of FAA procedures with respect to project eligibility, priority, standards, administration, and other requirements for these airport categories. Reliever airports have implications involving noise and national airport system capacity enhancement in metropolitan areas. Nonprimary commercial service airports require the application of more rigorous Federal safety and security regulations than general aviation airports. Joint-use airports may be large facilities with unique problems which are subject to special emphasis by the FAA. The impact of including such airports in any expanded block grant program has not been completely addressed by the pilot program and would require continuing assessment.

Categories of AIP Functions States Can Perform

Specific administrative functions to support the Federal airport grant program could be undertaken by the states if determined to be feasible after FAA review in each state. This would be facilitated by a block grant program. However, the states have an effective relationship with general aviation airports and are well suited to perform the following five categories of specific AIP management functions, with or without block grants:

1. Project coordination and monitoring of airport project work could be facilitated by states, especially with respect to ensuring the involvement of interested parties in AIP projects. For instance, a state aviation agency could ensure that the state's intergovernmental airport project coordination procedures in accordance with Executive Order 12372, Intergovernmental Review of Federal Programs, are efficient and produce useful results.
2. A capital improvement programming process acceptable to the FAA could be established by the states for general aviation airports as well as other airports, if appropriate. A state could ensure that all airports in the state regularly update their capital improvement program.
3. Project procurement, land acquisition, contracting, approval of plans and specifications, materials design and testing, ensuring safety during construction, payments, and audits could be performed by states. States could assist in seeing that airport projects are completed within a reasonable period, normally two to three years. States could expand use of current authority to sponsor and manage similar AIP projects at two or more airports to reduce workload or provide economies of scale under Section 509(a)(3) of the Airport and Airway Improvement Act of 1982, as amended. Airport sponsors must consent in writing to any such state sponsorship of work at their airports and ensure subsequent compliance with grant conditions and assurances.
4. A state's aviation planning program could assess airport development and land use controls in the vicinity of airports. Based on their planning, states could take actions including implementation of legislation and monitoring airport vicinity development, as required by Section 511(a)(4) of the Airport and Airway Improvement Act of 1982, as amended.
5. A compliance program in accordance with FAA Order 5190.6, Airport Compliance Requirements, could be established by states to ensure airport sponsors understand and comply with their obligations with respect to grant assurances. This

includes taking initial steps with airport sponsors to enforce the terms of the assurances if noncompliance is found. While the FAA would be ultimately responsible for enforcement of the assurances, the states could assist airport sponsors in achieving voluntary compliance through prudent advice and counsel on a regular basis.

SECTION 10

RECOMMENDATIONS

The three-state block grant program in Illinois, Missouri, and North Carolina should be expanded to allow voluntary participation by all states.

This new state role should provide better service to airport sponsors because it would raise the overall state and FAA resources available to administer the AIP. To help states obtain adequate staff resources and to ensure that they do not let budgetary limitations overly influence their decision to participate, use of block grant funds to defray program administrative costs should be allowed. Any state administering a block grant program should ensure that protection of the Federal interest in airport projects is effectively addressed, and appropriate FAA oversight should be maintained.

The recommendations below, except the first, require statutory changes to allow states to perform the specified functions.

1. Share Specific Functions with States

All states should be encouraged to become more involved in the management of Federal airport grant projects. The five categories of specific administrative functions that states are suited to perform, as listed in the previous section, should be shared by the FAA with any state where the FAA determines it to be feasible. State involvement in some cases might be limited to general aviation airports, although certain of these administrative functions are applicable for any airport, as noted. This recommendation may be implemented whether or not state block grants are made and would be subject to requirements to be established by the Secretary.

2. Authorize State Apportionment Block Grants

The 50 states, six territories, and the District of Columbia should be invited to apply for annual (or biennial) block grants for general aviation airports, excluding relievers and those designated under the Military Airport Program. Voluntary participation in the block grant program would be allowed by all states meeting minimum criteria.

A state, upon approval of an application, would administer AIP state apportionment funds and discretionary funds distributed by the FAA for general aviation airports. These block grants would

not include the reliever and military airport set-asides. The program should include provision for amendments to the block grants at the end of fiscal years using the current year funding.

The requirements to be established by the Secretary for states receiving such block grants would be similar to those in the pilot program. Many states would likely be interested and able to participate if this recommendation were adopted.

3. Establish Block Grant State Selection Criteria

A block grant application would be approved, subject to requirements to be established by the Secretary, only if the FAA determines that the state has:

- o An agency or organization capable of intergovernmental project coordination and administering a block grant effectively;
- o A satisfactory aviation system planning process which addresses airport development and land use controls in the vicinity of airports;
- o A capital improvement programming process and priority system which is acceptable to the FAA;
- o Agreed to comply with Federal procedural and other standard requirements for administering a block grant, including a program on airport sponsor compliance with grant assurances; and
- o Agreed to provide the FAA with such program information as may be required.

4. Expanded Block Grants for Qualified States

States that have satisfactorily administered a general aviation block grant for one year or more should be eligible to expand their block grants to also include reliever and nonprimary commercial service airports. States and airport sponsors would have the flexibility to tailor the number or type of airports included in the block grant depending upon their needs and capabilities. This could range from a single reliever or commercial service airport to all but primary airports.

Certain standards, conditions, and procedures, to be established by the Secretary, would apply to relievers or commercial service airports to guarantee adequate funding and adherence to safety standards. Joint-use airports would also be subject to certain Federally imposed requirements.

5. Authorize State Planning Responsibilities

States should assume planning and environmental functions for block grant airport projects. States should be authorized to approve airport layout plans in lieu of the FAA for airports covered by block grant programs. This would satisfy FAA planning responsibilities for block grant airport projects under Section 511(a)(15) of the Airport and Airway Improvement Act of 1982, as amended. States should also submit an airport system plan every two years for the FAA to approve the location and role of individual airports in the National Plan of Integrated Airport Systems.

States should submit to the FAA with the block grant applications assurances that states will assume Federal environmental protection responsibilities and will follow FAA Order 5050.4, Airport Environmental Handbook, for block grant airport projects. These assurances would satisfy FAA responsibilities for block grant airport projects under the National Environmental Policy Act of 1969 (NEPA) and other provisions of law specified by FAA Order 5050.4. States that have adopted environmental requirements comparable to NEPA, as defined in regulations issued by the U.S. Council on Environmental Quality, and other provisions of FAA Order 5050.4, may follow state requirements.

6. Authorize Administrative Costs in Block Grants

Up to 1 percent of a state's apportionment funds, or \$75,000, whichever is greater, should be allowable under any block grant (including a biennial block grant) to help defray the state's program administrative costs, subject to requirements to be established by the Secretary.

7. Assure FAA Oversight of Block Grants

The FAA should maintain oversight of programs in each block grant state in a similar manner as required by the legislation for the pilot program. The FAA would ensure that state airport processes meet critical safety and security needs and address the needs of the national airport system. FAA review should result in periodic determinations of whether the state is using appropriate standards and procedures.

APPENDIX A. PROCEDURE FOR STATE APPLICATIONS

STATE BLOCK GRANT PILOT PROGRAM
PROCEDURE FOR STATE APPLICATIONS

December 1988

OFFICE OF AIRPORT PLANNING AND PROGRAMMING
FEDERAL AVIATION ADMINISTRATION

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I. Introduction

A. This Booklet. The State block grant pilot program is described in this booklet to inform interested States how they may be considered for selection as a participating State. This booklet outlines the details of how FAA will administer the block grant pilot program and advises participating States of their specific responsibilities. Also included as Appendix 1 is a sample of the November 3, 1988, letter sent by the FAA Administrator inviting States to participate. Appendix 2 is the schedule established to carry out the pilot program.

B. Authorization. The State block grant pilot program was authorized by Section 116 of the Airport and Airway Safety and Capacity Expansion Act of 1987, which was signed into law by President Reagan in December 1987. This section added a new Section 534 to the Airport and Airway Improvement Act of 1982 (AAIA) entitled State Block Grant Pilot Program. The legislation provides for up to three States to receive block grants in Fiscal Years 1990 and 1991 for airport master planning and development projects at eligible nonprimary airports in the State. Non-primary airports are those enplaning 10,000 or fewer commercial passengers annually. The legislation also calls for FAA to report to Congress on this program not later than June 30, 1991.

C. Purpose. The purpose of the State block grant pilot program is to identify administrative functions which might successfully be shifted to or shared with States in carrying out the Airport Improvement Program (AIP). The block grant pilot program may result in recommendations to either develop State participation more fully or retain the present grant functions within FAA. The report to Congress will contain the results of the pilot program and recommendations on future actions.

II. SELECTION PROCESS

A. Review of Applications. Applications received by February 28, 1989, will be reviewed to determine whether mandatory requirements of Section 534 of AAIA have been met. Those applications which qualify will then be rated for relative merit

and probability of successfully administering the program.

B. Diversity Factors. To best carry out the purpose of the pilot program, diversity among the three States selected will be sought. Factors to be considered will be:

- o Geographic Balance. No more than one State will be selected within any single FAA region.
- o Diversity of State Enabling Legislation and Funding Levels. No more than two States will be selected which are subject to a State channeling act which requires the State to be an agency or sponsor in federal airport projects.
- o Demographic Diversity. States will be selected to represent different population sizes, that is, not all States will be large ones, for example.

C. Selections. From among the top-ranking applications, up to three States will be chosen for the program, as well as an alternate. The alternate would be requested to act as a substitute if a selected State later chooses not to participate in the program. This application and selection process concludes May 15, 1989, with notification to all applicants immediately thereafter of the States selected.

III. BLOCK GRANT PROGRAM GROUND RULES

A. General Requirements. Part 156 of the Federal Aviation Regulations, enclosed as Appendix 3, outlines the requirements for the State block grant pilot program. To help States to better understand their responsibilities, the basic rules by which FAA and the States will administer and accomplish the block grant program are presented here. These ground rules cover most major issues but cannot anticipate all of the questions which will arise during the application process and the two-year grant period. These questions will be addressed as they arise.

B. Maximum Flexibility. The intent of FAA in administering this program is to encourage States to use innovative approaches and to allow maximum flexibility for them to carry out the grant program effectively and efficiently. States may use either FAA forms and procedures or their own as they choose, except those procedures which are mandatory as noted below.

C. Mandatory Program Aspects. There are a number of federal requirements for grant programs which are not waived by Section 534 of AAIA. The FAA does not have authority to exempt the States from compliance with these requirements. However, there may be other means for States to comply in a manner different from FAA's procedures. Appendixes 4 and 5 of this booklet contain the standard FAA grant assurances. Refer to Section C.1., General Federal Requirements, for a list of these laws and regulations.

D. FAA's Advisory Role. FAA field offices and Headquarters staff are prepared to provide advice or furnish any documents referred to below on request of the States participating in the pilot program. States may use FAA Orders, forms, and Advisory Circulars to the extent they wish, or may use their own.

FAA Orders are basically internal guidance for agency personnel in meeting Congressionally legislated requirements and are not an explicit requirement of Part 156. However, these Orders do indicate how FAA administers the grant program. States may follow these Orders, use them as a guide, or substitute their own procedures to meet the requirements of law. The primary Orders related to the grant program include:

- o Order 5100.38, Airport Improvement Program (AIP) Handbook.
- o Order 5050.4A, Airport Environmental Handbook.
- o Order 5190.6, Airports Compliance Handbook.

In addition, Advisory Circulars related to the grant program include:

- o Advisory Circular 150/5100-16, Airport Improvement Program Grant Assurance Number One - General Federal Requirements.
- o Advisory Circular 150/5100-15, Civil Rights Requirements for the Airport Improvement Program.
- o Advisory Circular 150/5100-6D, Labor Requirements for the Airport Improvement Program.

E. Project Eligibility and Cost Allowability. States may not use block grant funds to accomplish projects which are 1) not eligible under AAIA as interpreted by FAA, or 2) at airports which are not eligible for grants under AAIA. Generally, States

may either refer to Order 5100.38 to determine project eligibility or consult with the appropriate FAA field office. Similarly, project costs must be necessary and reasonable to be allowable. Again, Order 5100.38 or FAA offices may be consulted if there are questions.

F. Block Grant Administrative Costs. States may use block grant funds for any project administration costs which would normally be incurred by a sponsor and eligible under a development grant issued by FAA. Any program administration costs which would normally have been incurred by FAA field offices are not allowable costs.

G. Annual Grants. Block grants will be issued annually by FAA to participating States for each of the two years beginning October 1, 1989, and ending September 30, 1991. Each block grant will be issued to States on October 1 or as soon thereafter as FAA has budget authority to issue grants. Airport projects funded with State block grants shall be under construction or financially committed on or before September 30, 1991.

H. Grant Funding Amounts. Block grants will include all State apportionment funds and the State's proportionate share of discretionary, reliever, noise, and nonprimary airport funds based on past trends determined by the Office of Airport Planning and Programming. Recoveries from airport projects under State block grants will remain available to States for airport projects until September 30, 1991.

I. Compliance and Enforcement. States will be responsible for monitoring project accomplishment at all airports benefiting from the pilot program to assure that all agreements and assurances with airport sponsors are met during the two-year program, except that compliance with Part 139 requirements will continue to be FAA responsibilities where applicable. FAA will expect States to carry block grant projects through to close-out even though completion may extend beyond the September 30, 1991, program termination. However, the extent and duration of State compliance responsibilities may be negotiated with FAA at the option of the State.

J. State/Local Matching Share. The United States share for all work accomplished for each fiscal year shall be 90% or higher as provided by AAIA in certain public land States, except if any funds are used for terminal development that amount shall not exceed a 75% United States share. States may fund individual projects at any matching share they wish as long as the total spent in the State for each fiscal year reflects the required

State/local share to match the amount of the total annual block grant.

K. Planning Eligibility. Block grant funds may be used for master planning or for airport environmental planning. System planning grants are not eligible for block grant funding and will continue to be administered by FAA in block grant States.

L. Grant Payments. Grant payments to participating States will be made by letters of credit.

M. Program Review by FAA. FAA is required by legislation to conduct an on going program review and prepare a report to Congress 90 days before program termination on September 30, 1991. The timing and format of State reporting on the progress of the block grant program will be somewhat dependent upon the individual State's procedures. FAA will develop an appropriate review and reporting system with each of the States chosen for the program and will carry out an evaluation program including airport sponsors and FAA field staff.

N. Accounting and Auditing. States are required to have an accounting system that accurately reflects expenditures of the block grants. Airport projects under block grants are subject to the same audit requirements as other grants. These requirements are described in Order 5100.38.

O. Authorities Retained by FAA. FAA approval will continue to be required for NPIAS locations, airport layout plans, and Part 150 studies.

IV. How to Apply

A. Application Form. The three-part application forms are shown in this booklet as Appendix 6. An additional copy is included to be completed by your State if you wish to apply for the block grant. The application should be mailed to the Associate Administrator for Airports, ATTN: APP-510, 800 Independence Ave. S.W., Washington, DC 20591. The following guidance will help you complete the application forms.

1. Part I - Application Form. This is a standard federal assistance program application form with detailed instructions for completing each block. The number for Block 10, Catalog of

Federal Domestic Assistance, is 20-106. Leave Blocks 13, 14, and 15 blank.

2. Part II - Application Form. This section is the most important and may require significant effort on the part of the State. Information provided here will be the primary source to be used by FAA for selection of the three States to receive block grants. The seven questions should be separately addressed. Suggested topics to be covered under each question are listed below.

a. Describe your State's overall concept of managing the block grant pilot program.

- o Relationship to airport sponsors and FAA.
- o Coordination with other interested parties.
- o Source of matching funds.
- o Project monitoring and reporting.
- o Proposals for innovative grant administration.

b. Describe your agency or organization to demonstrate that it is capable of administering effectively a block grant.

- o State legislation authorizing the State agency which will administer the block grant.
- o Number of full or part-time dedicated staff.
- o Staff skills and experience.
- o Organizational chart and assigned responsibilities.
- o Financial management program.

c. Describe your airport system planning process. Specify the basis on which safety and security projects are selected for inclusion in your airport system planning process.

- o Participants in planning process.
- o Planning horizons and forecasts.
- o Use of design and engineering standards.

- o Project justification and priority system.
- d. Describe your State environmental protection requirements as they apply to airport development.
- o State environmental laws showing comparability to the National Environmental Protection Act.
 - o Other proposals to meet regulations issued by the U.S. Council on Environmental Quality.
- e. Define your project programming process, including procedures for assigning priorities for safety and security projects. Describe how this project programming process ensures that the needs of the national airport system are addressed.
- o Overall priority system.
 - o Capital improvement program, if applicable, or procedures for defining annual funding programs.
 - o Project eligibility rules.
 - o Technical/engineering coordination with FAA.
 - o Cost reviews for reasonableness.
 - o Discussion of State and local capital funding programs or legislative authority.
- f. Describe your State procedure for compliance with Federal procedural and other standard requirements.
- o State/airport sponsor agreements.
 - o Compliance programs.
 - o Coverage of accounting, audits, procurement, labor, and land acquisition/relocation requirements.
- g. Describe any State channelling authority which requires you to be an agency or sponsor in a federal airport project.
- o Detail of channelling requirements.

3. Part III - Application Form. These assurances are made by the State to FAA as Part III of the application and are subsequently incorporated in and become part of the block grant

agreement. They describe six specific responsibilities assumed by the State in accepting the grant. It is our intent to meet with the individual States selected for participation and work out mutually satisfactory ways to meet these requirements in context with the State's approach to administering the block grant. Some of these requirements are discussed in more detail under Section III. of this booklet.

Close attention should be given to Assurance 5., Obligation to Standard Assurances. This requirement provides that, upon termination of the block grant program in 1991, all airport sponsors who have received projects from the State block grants will have grant obligations to FAA equivalent to those they would have if FAA had awarded them a standard AIP grant. States must take particular care to establish this continuity and the pass-through of airport sponsor obligations to FAA when this pilot program expires. The standard AIP project assurances are enclosed in Appendixes 4 and 5.

B. Grant Agreement. This form in Appendix 7 is adapted from the standard AIP grant agreement form to fit the State block grant pilot program. Condition 1. of this form will specify the total amount of the block grant and also the minimum amount required by Section 507 of AAIA to be spent only at airports which are not commercial service airports, i.e. general aviation or reliever airports. Upon acceptance by the appropriate State official and certification of the State's attorney, the grant is executed.

C. Deadline. February 28, 1989, is the deadline for submitting grant applications. This will allow FAA sufficient time to review and analyze State applications and make appropriate selections. It will also allow time between selection and start of the program to meet with individual States to assure full understanding of the details of each State's procedures and FAA's role.



US Department
of Transportation

Federal Aviation
Administration

Office of the Administrator

800 Independence Ave., S.W.
Washington, D.C. 20591

Appendix 1. Sample Letter to Governors

The Honorable Bob Martinez
Governor of Florida
State Capitol
Tallahassee, Florida

Dear Governor Martinez:

I invite the State of Florida to compete for selection as one of three States to implement the State Block Grant Pilot Program authorized by Congress in the Airport and Airway Safety and Capacity Expansion Act of 1987. The program will run 2 years, beginning in October 1989, and will include funding of airport development and master planning for all eligible nonprimary airports in selected States.

I am enclosing, for your information, an implementation schedule and a copy of the regulation implementing the statute as recently published in the Federal Register.

If your State wishes to be considered for this program, please send a letter expressing interest as discussed in the regulation. We will forward to you more detailed program guidance and an application form. Your letter should be sent to the Associate Administrator for Airports, Federal Aviation Administration, 800 Independence Avenue, SW, Washington, DC 20591, for receipt by November 30, 1988.

Criteria to be used by Federal Aviation Administration for selecting State participants from applications will be based on those listed in the preamble to the regulation.

Questions about this program may be directed to Mark Beisse, Office of Airport Planning and Programming, Grants-in-Aid Division, Program Guidance Branch, telephone (202) 267-8826.

Sincerely,

T. Allan McArtor
Administrator

Enclosures (2)

Appendix 2.

State Block Grant Pilot Program Schedule of Events

This schedule outlines events under Section 116 of Airport and Airway Safety and Capacity Expansion Act of 1987 which provides pilot States will assume responsibility for projects at nonprimary locations:

November 30, 1988	Letters of interest from States
February 28, 1989	Applications from States
May 15, 1989	Selection of three States
June 15, 1989	Initial meeting with selected States
October 1, 1989	Issue first year block grants and begin airport projects
June 15, 1990	Second meeting with participating States
October 1, 1990	Issue second year block grants
June 30, 1991	Report to Congress on review and recommendations
September 30, 1991	Program terminates

Federal Register

**Thursday
October 20, 1988**

Appendix 3.

Part IV

Department of Transportation

Federal Aviation Administration

14 CFR Part 156

**State Block Grant Pilot Program; Final
Rule; Request for Comments**

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 156

[Docket No. 25723; Amdt. No. 156-1]

State Block Grant Pilot Program

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule; request for comments.

SUMMARY: This final rule sets forth regulations to implement the State block grant pilot program included in recent Congressional legislation. The regulations are intended to provide guidance to the States regarding the application process for, and administration of, the 2 year State block grant pilot program. The final rule is necessary in order to comply with the statutory provision that requires the Secretary of Transportation to promulgate regulations to implement the State block grant pilot program.

DATES: The final rule is effective on November 21, 1988. Comments must be received on or before November 21, 1988.

ADDRESS: Comments on this final rule may be delivered or mailed, in duplicate, to the Federal Aviation Administration, Office of the Chief Counsel, Attn: Rules Docket (AGC-204), Docket No. 25723, 800 Independence Avenue SW., Room 915G, Washington, DC 20591. Comments submitted on these rules must be marked: Docket No. 25723. Comments may be inspected in Room 915G between 8:30 a.m. and 5:00 p.m. on weekdays, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: Mark Beisse, Office of Airport Planning and Programming, Grants-in-Aid Division, Program Guidance Branch (APP-510), Federal Aviation Administration, 800 Independence Avenue SW., Washington, DC 20591; telephone (202) 267-8826.

SUPPLEMENTARY INFORMATION:**Comments Invited**

The regulations contained in this final rule implement the State block grant pilot program provided by Congress in the Airport and Airway Safety and Capacity Expansion Act of 1987. The regulations simply state the application requirements for the State block grant pilot program mandated by Congress that will result in block grants being awarded to three States. Therefore, the final rule is being adopted without notice and an opportunity for prior public comment. However, the

Regulatory Policies and Procedures of the Department of Transportation (44 FR 11034; February 26, 1979) provide that, to the maximum extent possible, Department of Transportation (DOT) operating administrations should provide an opportunity for public comment on regulations issued without prior notice. Accordingly, interested persons are invited to participate in the rulemaking by submitting any written data, views, or comments as they may desire. Comments must include the regulatory docket or amendment number identified in this final rule and be submitted in duplicate to the address above. All comments received will be available in the Rules Docket for examination by interested persons. The regulations may be changed in light of the comments received on this final rule.

Commenters who want the Federal Aviation Administration (FAA) to acknowledge receipt of comments submitted on this final rule must submit a preaddressed, stamped postcard with those comments on which the following statement is made: "Comments to Docket No. 25723." The postcard will be date stamped by the FAA and returned to the commenter. A report summarizing each substantive public contact with FAA personnel concerned with this rulemaking will be filed in the docket.

Availability of Final Rule

Any person may obtain a copy of this final rule by submitting a request to the Federal Aviation Administration, Office of Public Affairs, Attn: Public Inquiry Center (APA-230), 800 Independence Avenue SW., Washington, DC 20591, or by calling (202) 267-3484. Requests must include the amendment number identified in this final rule. Persons interested in being placed on a mailing list for future rulemaking actions should request a copy of Advisory Circular 11-2A, Notice of Proposed Rulemaking Distribution System, which describes the application procedure.

Background

On December 30, 1987, Congress passed the Airport and Airway Safety and Capacity Expansion Act of 1987. Section 116 of that Act amended the Airport and Airway Improvement Act of 1982, by adding new section 534 entitled "State Block Grant Pilot Program" (49 U.S.C. App. 2227). That section states:

(a) **Promulgation of Regulations; Effective Period.**—Not later than 180 days after the date of the enactment of this section, the Secretary shall promulgate regulations to implement a State block grant pilot program to become effective on October 1, 1989. Such program shall not be effective after September 30, 1991.

(b) **Assumption of Certain Responsibilities.**—Such regulations shall provide that the Secretary may designate not more than 3 qualified States to assume administrative responsibility for all airport grant funding available under this title, other than funding which has been designated for use at primary airports.

(c) **Selection of State Participants.**—The Secretary shall select States for participation in such program on the basis of applications submitted to the Secretary. The Secretary shall select a State only if the Secretary determines that the State—

(1) has an agency or organization capable of administering effectively any block grant made under this section;

(2) uses a satisfactory airport system planning process;

(3) uses a programming process acceptable to the Secretary;

(4) has agreed to comply with Federal procedural and other standard requirements for administering any such block grant; and

(5) has agreed to provide the Secretary with such program information as the Secretary may require.

Before determining that any planning process is satisfactory or any programming process is acceptable, the Secretary shall ensure that such process provides for meeting critical safety and security needs and that the programming process ensures that the needs of the national airport system will be addressed in deciding to which project funds will be provided.

(d) **Review and Report.**—The Secretary shall conduct an on-going review of the program established under this section, and shall, not later than 90 days before its scheduled termination, report to Congress the results of such review, together with recommendations for further action relating to the program.

Pursuant to the Congressional legislation and applicable delegations of authority, three States selected by the Administrator will administer the Fiscal Year 1990 and 1991 airport grant programs, for nonprimary airports in those States. The three States will be responsible for project selection, administration, and compliance consistent with applicable Federal law. Due to the legislative requirement that the three States agree to comply with Federal procedural and other standard grant administrative requirements, the block grant agreement for the pilot program will contain appropriate grant assurances similar to those contained in the current grant agreements signed by airport sponsors who are awarded grants by the Administrator. The FAA will provide an application form and program guidance material to any State that submits a letter expressing interest in participating in the State block grant pilot program.

States that are selected by the Administrator to participate in the block grant pilot program must comply with

the statutory and regulatory requirements that currently govern airport grant programs. These requirements will be specified in the block grant agreements. Pursuant to Congressional mandate contained in the legislation, the three States selected by the Administrator will assume administrative responsibility, currently exercised by the FAA, for all grant funding available under the legislative amendment and annual appropriation Acts at nonprimary airports within the State. Nonprimary are those airports enplaning 10,000 or fewer passengers annually. Similarly, the legislative amendment requires that the three States agree to comply with Federal procedural and other standard requirements in administering block grants. For example, States will be required to have an accounting system that accurately reflects expenditures of the State block grant. Likewise, the States must comply with the requirements of the National Environmental Policy Act.

Reason for No Notice

The regulations contained in this final rule are needed to implement the State block grant pilot program mandated by Congress in an amendment to the 1982 Act contained in the Airport and Airway Safety and Capacity Expansion Act of 1987. The regulations contained in this final rule merely implement a voluntary portion of the existing airport improvement grant program. In addition, the rules contained in this amendment are purely procedural regulations that govern the application process. For these reasons, notice and public comment procedures are unnecessary. In addition, publication of a notice for prior public comment on the final rule would not reasonably be anticipated to result in the receipt of useful information regarding the regulations because Congress dictated the method by which the Administrator shall determine which States are selected for the State block grant pilot program. In accordance with DOT Regulatory Policies and Procedures, an opportunity for public comment after publication of the final rule is being provided.

Economic Assessment

This final rule sets forth the application procedures that apply to the 2-year State block grant pilot program that is a part of the existing airport improvement grant program. Because of the procedural nature of the regulations, no economic impact is expected to result from the promulgation of the final rule. Accordingly, a full Regulatory Evaluation is not warranted and a

regulatory evaluation has not been prepared prior to publication of this final rule. Because the final rule contains purely procedural regulations that only apply to the application process, the cost, if any, of complying with the final rule is minimal. Therefore, I certify that the final rule will not have a significant economic impact, positive or negative, on a substantial number of small entities as defined in the Regulatory Flexibility Act of 1980.

Reporting and Recordkeeping

The FAA anticipates that there will be no discernible reporting or recordkeeping impact resulting from implementation of the State block grant pilot program. It is difficult to estimate any impact on paperwork burdens because the three States will implement and administer the grant program and the disbursement of grant funds for certain airport projects. It is possible that overall paperwork burdens may be reduced in comparison to the paperwork burden associated with airport development projects administered by the FAA. However, any reduction in paperwork burden is wholly dependent on the efficiency of the method by which the States implement and administer the block grant program. Certainly, the FAA expects no increase in paperwork burdens since the FAA and the States will be using a similar mechanism to that which is currently used for airport development projects. In accordance with the Paperwork Reduction Act of 1980 (Pub. L. 96-511), the FAA received approval of the reporting and recordkeeping requirements for the airport grants program on April 13, 1988 [Control No. 2120-0065]. The State block grant pilot program will not require amendment of Control No. 2120-0065.

Federalism Implications

The final rule contained herein would directly affect the States, would affect the relationship between the national government and the States, and would affect the distribution of power and responsibilities among the various levels of government. Pursuant to Congressional legislation, the three States selected by the Administrator would assume administrative responsibility for all airport funding for nonprimary airports awarded under the Airport and Airway Improvement Act of 1982. Traditionally, Congress has vested administrative responsibility for Federally-funded airport development in the Administrator, as delegated by the Secretary of Transportation. The three States selected for participation in the State block grant pilot program will have maximum administrative

discretion to use monies awarded under this program, consistent with the legislative requirement to comply with applicable Federal procedural and other standard requirements for administering eligible projects at eligible airports. The Congressional legislation that creates the State block grant program specifies a termination date of September 30, 1991 and specifies criteria to be used by the Administrator in the selection of the three participating States. For these reasons, and the fact that participation by any State is not mandatory, the FAA believes that the participating States will have the ability to fulfill the purposes of the program without adverse effects on other State governmental functions. Thus, in accordance with Executive Order 12612, I certify that the regulations contained in this final rule have been assessed in light of, and are consistent with, the principles, criteria, and requirements of that Executive Order. However, the FAA does not believe that further analysis of the Federalism implications, and preparation of a Federalism Assessment, is warranted because the regulations implement an express Congressional mandate to initiate the limited State block grant pilot program.

Conclusion

Because the revisions contained in this final rule are expected to have minimal economic impact, the FAA has determined that the final rule is not a major regulation under Executive Order 12291. Also, this regulation is not considered to be significant under the DOT Regulatory Policies and Procedures. Since the cost of complying with these rules is minimal, I certify, under the criteria of the Regulatory Flexibility Act of 1980, that these rules will not have a significant economic impact, positive or negative, on a substantial number of small entities.

List of Subjects in 14 CFR Part 156

Airports, Airport funding, Airport improvement, Airport development, Block grants, Grant programs transportation.

The Amendment

Accordingly, the Federal Aviation Administration amends the Federal Aviation Regulations by adding a new Part 156 (14 CFR Part 156), effective November 21, 1988, to read as follows:

PART 156—STATE BLOCK GRANT PILOT PROGRAM

- Sec.
156.1 Applicability.
156.2 Letters of interest.

Sec.

- 156.3 Application and grant process.
- 156.4 Airport and project eligibility.
- 156.5 Project cost allowability.
- 156.6 State program responsibilities.
- 156.7 Enforcement of State block grant agreements and other related grant assurances.

Authority: 49 U.S.C. App. 2201 (as amended, 49 U.S.C. App. 2227, Airport and Airway Safety and Capacity Expansion Act of 1987); 49 CFR 1.47 (f) and (k) (Regulations of the Office of the Secretary of Transportation).

PART 156—STATE BLOCK GRANT PILOT PROGRAM

§ 156.1 Applicability.

(a) This part applies to grant applicants for the State block grant pilot program and to those States receiving block grants available under the Airport and Airway Improvement Act of 1982, as amended.

(b) This part sets forth—

- (1) The procedures by which a State may apply to participate in the State block grant pilot program;
- (2) The program administration requirements for a participating State;
- (3) The program responsibilities for a participating State; and
- (4) The enforcement responsibilities of a participating State.

§ 156.2 Letters of interest.

(a) Any state that desires to participate in the State block grant pilot program shall submit a letter of interest, by November 30, 1988, to the Associate Administrator for Airports, Federal Aviation Administration, 800 Independence Avenue SW., Room 1000E, Washington, DC 20591.

(b) A State's letter of interest shall contain the name, title, address, and telephone number of the individual who will serve as the liaison with the Administrator regarding the State block grant pilot program.

(c) The FAA will provide an application form and program guidance material to each State that submits a letter of interest to the Associate Administrator for Airports.

§ 156.3 Application and grant process.

(a) A State desiring to participate shall submit a completed application to the Associate Administrator for Airports.

(b) After review of the applications submitted by the States, the Administrator shall select three States for participation in the State block grant pilot program.

(c) The Administrator shall issue a written grant offer that sets forth the terms and conditions of the State block grant agreement to each selected State.

(d) A State's participation in the State block grant pilot program begins when a State accepts the Administrator's written grant offer in writing and within any time limit specified by the Administrator. The State shall certify, in its written acceptance, that the acceptance complies with all applicable Federal and State law, that the acceptance constitutes a legal and binding obligation of the State, and that the State has the authority to carry out all the terms and conditions of the written grant offer.

§ 156.4 Airport and project eligibility.

(a) A participating State shall use monies distributed pursuant to a State block grant agreement for airport development and airport planning, for airport noise compatibility planning, or to carry out airport noise compatibility programs, in accordance with the Airport and Airway Improvement Act of 1982, as amended.

(b) A participating State shall administer the airport development and airport planning projects for airports within the State.

(c) A participating State shall not use any monies distributed pursuant to a State block grant agreement for integrated airport system planning, projects related to any primary airport, or any airports—

- (1) Outside the State's boundaries; or
- (2) Inside the State's boundaries that are not included in the National Plan of Integrated Airport Systems.

§ 156.5 Project cost allowability.

(a) A participating State shall not use State block grant funds for reimbursement of project costs that would not be eligible for reimbursement under a project grant administered by the FAA.

(b) A participating State shall not use State block grant funds for reimbursement or funding of administrative costs incurred by the State pursuant to the State block grant program.

§ 156.6 State program responsibilities.

(a) A participating State shall comply with the terms of the State block grant agreement.

(b) A participating State shall ensure that each person or entity, to which the State distributes funds received pursuant to the State block grant pilot program, complies with any terms that the State block grant agreement requires to be imposed on a recipient for airport projects funded pursuant to the State block grant pilot program.

(c) Unless otherwise agreed by a participating State and the Administrator in writing, a participating State shall not delegate or relinquish, either expressly or by implication, any State authority, rights, or power that would interfere with the State's ability to comply with the terms of a State block grant agreement.

§ 156.7 Enforcement of State block grant agreements and other related grant assurances.

The Administrator may take any action, pursuant to the authority of the Airport and Airway Improvement Act of 1982, as amended, to enforce the terms of a State block grant agreement including any terms imposed upon subsequent recipients of State block agreement funds.

Issued in Washington, DC on October 17, 1988.

T. Allen McArter,
Administrator.

[FR Doc. 88-24242 Filed 10-19-88; 2:45 am]
BILLING CODE 4910-12-01

Appendix 4.

ASSURANCES

Airport Sponsors

A. General.

1. These assurances shall be complied with in the performance of grant agreements for airport development, airport planning, and noise compatibility program grants to airport sponsors.
2. These assurances are required to be submitted as part of the project application by sponsors requesting funds under the provisions of the Airport and Airway Improvement Act of 1982, as amended by the Airport and Airway Safety and Capacity Expansion Act of 1987, or the Aviation Safety and Noise Abatement Act of 1979. As used herein, the term "public agency sponsor" means a public agency with control of a public-use airport, the term "private sponsor" means a private owner of a public-use airport, and the term "sponsor" includes public agency sponsors and private sponsors.
3. Upon acceptance of the grant offer by the sponsor, these assurances are incorporated in and become part of the grant agreement.

B. Duration and Applicability.

1. **Airport Development or Noise Compatibility Program Projects Undertaken by a Public Agency Sponsor.** The terms, conditions and assurances of the grant agreement shall remain in full force and effect throughout the useful life of the facilities developed or equipment acquired for an airport development or noise compatibility program project, or throughout the useful life of the project items installed within a facility under a noise compatibility program project, but in any event not to exceed twenty (20) years from the date of acceptance of a grant offer of Federal funds for the project. However, there shall be no limit on the duration of the assurance against exclusive rights or the terms, conditions, and assurances with respect to real property acquired with Federal funds. Furthermore, the duration of the Civil Rights assurance shall be as specified in the assurance.
2. **Airport Development or Noise Compatibility Program Projects Undertaken by a Private Sponsor.** The preceding paragraph 1 also applies to a private sponsor except that the useful life of project items installed within a facility or the useful life of facilities developed or equipment acquired under an airport development or noise compatibility program project shall be no less than 10 years from the date of the acceptance of Federal aid for the project.
3. **Airport Planning Undertaken by a Sponsor.** Unless otherwise specified in the grant agreement, only Assurances 1, 2, 3, 5, 6, 13, 18, 30, 32, 33, and 34 in Section C apply to planning projects. The terms, conditions, and assurances of the grant agreement shall remain in full force and effect during the life of the project.

C. Sponsor Certification. The sponsor hereby assures and certifies, with respect to this grant that:

1. **General Federal Requirements.** It will comply with all applicable Federal laws, regulations, executive orders, policies, guidelines and requirements as they relate to the application, acceptance and use of Federal funds for this project including but not limited to the following:

Federal Legislation

- a. Federal Aviation Act of 1958 - 49 U.S.C. 1301, et seq.
- b. Davis-Bacon Act - 40 U.S.C. 276(a), et seq. ¹
- c. Federal Fair Labor Standards Act - 29 U.S.C. 201, et seq.
- d. Hatch Act - 5 U.S.C. 1501, et seq. ²
- e. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 - 42 U.S.C. 4601, et seq. ^{1 2}
- f. National Historic Preservation Act of 1966 - Section 106 - 16 U.S.C. 470(f). ¹
- g. Archeological and Historic Preservation Act of 1974 - 16 U.S.C. 469 through 469c. ¹
- h. Flood Disaster Protection Act of 1973 - Section 102(a) - 42 U.S.C. 4012a. ¹
- i. Rehabilitation Act of 1973 - 29 U.S.C. 794.
- j. Civil Rights Act of 1964 - Title VI - 42 U.S.C. 2000d through d-4.
- k. Aviation Safety and Noise Abatement Act of 1979, 49 U.S.C. 2101, et seq.
- l. Age Discrimination Act of 1975 - 42 U.S.C. 6101, et seq.
- m. Architectural Barriers Act of 1968 - 42 U.S.C. 4151, et seq. ¹
- n. Airport and Airway Improvement Act of 1982, as amended 49 U.S.C. 2201, et seq.
- o. Powerplant and Industrial Fuel Use Act of 1978 - Section 403 - 2 U.S.C. 8373. ¹

- p Contract Work Hours and Safety Standards Act - 40 U.S.C. 327, et seq. ¹
- q Copeland Antikickback Act - 18 U.S.C. 874. ¹
- r National Environmental Policy Act of 1969 - 42 U.S.C. 4321, et seq. ¹
- s Endangered Species Act - 16 U.S.C. 668(a), et seq. ¹
- t Single Audit Act of 1984 - 31 U.S.C. 7501, et seq. ²

Executive Orders

Executive Order 12372 — Intergovernmental Review of Federal Programs

Executive Order 11246 — Equal Employment Opportunity ¹

Federal Regulations

- a 49 CFR Part 18 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments. ³
- b 49 CFR Part 21 - Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964.
- c 49 CFR Part 23 - Participation by Minority Business Enterprise in Department of Transportation Programs
- d 49 CFR Part 24 - Uniform Relocation Assistance and Real Property Acquisition Regulation for Federal and Federally Assisted Programs. ^{1 2}
- e 49 CFR Part 27 - Non-Discrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance. ¹
- f 49 CFR Part 29 - Debarments, Suspensions, and Voluntary Exclusions.
- g 49 CFR Part 30 - Denial of Public Works Contracts to Suppliers of Goods and Services of Countries That Deny Procurement Market Access to U.S. Contractors
- h 29 CFR Part 1 - Procedures for Predetermination of Wage Rates. ¹
- i 29 CFR Part 3 - Contractors or Subcontractors on Public Buildings or Public Works Financed in Whole or Part by Loans or Grants from U.S. ¹
- j 29 CFR Part 5 - Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction. ¹
- k 41 CFR Part 60 - Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor (Federal and Federally-assisted Contracting Requirements). ¹
- l 14 CFR Part 150 - Airport Noise Compatibility Planning

Office of Management and Budget Circulars

- a A-87 - Cost Principles Applicable to Grants and Contracts with State and Local Governments. ³
- b A-128 - Audits of State and Local Governments. ²

¹ These laws do not apply to airport planning sponsors.

² These laws do not apply to private sponsors.

³ 49 CFR Part 18 and OMB Circular A-87 contain requirements for State and local governments receiving Federal assistance. Any requirement levied upon State and local governments by this Regulation and Circular shall also be applicable to private sponsors receiving Federal assistance under the Airport and Airway Improvement Act of 1982, as amended

Specific assurances required to be included in grant agreements by any of the above laws, regulations or circulars are incorporated by reference in the grant agreement.

2. Responsibility and Authority of the Sponsor.

- a **Public Agency Sponsor:** It has legal authority to apply for the grant, and to finance and carry out the proposed project, that a resolution, motion or similar action has been duly adopted or passed as an official act of the applicant's governing body authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required
- b **Private Sponsor:** It has legal authority to apply for the grant and to finance and carry out the proposed project and comply with all terms, conditions, and assurances of this grant agreement. It shall designate an official representative and shall in writing direct and authorize that person to file this application, including all understandings and assurances contained therein; to act in connection with the application; and to provide such additional information as may be required.

3. **Sponsor Fund Availability.** It has sufficient funds available for that portion of the project costs which are not to be paid by the United States. It has sufficient funds available to assure operation and maintenance of items funded under the grant agreement which it will own or control.
4. **Good Title.**
 - a. It holds good title, satisfactory to the Secretary, to the landing area of the airport or site thereof, or will give assurance satisfactory to the Secretary that good title will be acquired.
 - a. For noise compatibility program projects to be carried out on the property of the sponsor, it holds good title satisfactory to the Secretary to that portion of the property upon which Federal funds will be expended or will give assurance to the Secretary that good title will be obtained.
5. **Preserving Rights and Powers.**
 - a. It will not take or permit any action which would operate to deprive it of any of the rights and powers necessary to perform any or all of the terms, conditions, and assurances in the grant agreement without the written approval of the Secretary, and will act promptly to acquire, extinguish or modify any outstanding rights or claims of right of others which would interfere with such performance by the sponsor. This shall be done in a manner acceptable to the Secretary.
 - b. It will not sell, lease, encumber or otherwise transfer or dispose of any part of its title or other interests in the property shown on Exhibit A to this application or, for a noise compatibility program project, that portion of the property upon which Federal funds have been expended, for the duration of the terms, conditions, and assurances in the grant agreement without approval by the Secretary. If the transferee is found by the Secretary to be eligible under the Airport and Airway Improvement Act of 1982 to assume the obligations of the grant agreement and to have the power, authority, and financial resources to carry out all such obligations, the sponsor shall insert in the contract or document transferring or disposing of the sponsor's interest and make binding upon the transferee, all of the terms, conditions and assurances contained in this grant agreement.
 - c. For all noise compatibility program projects which are to be carried out by another unit of local government or are on property owned by a unit of local government other than the sponsor, it will enter into an agreement with that government. Except as otherwise specified by the Secretary, that agreement shall obligate that government to the same terms, conditions, and assurances that would be applicable to it if it applied directly to the FAA for a grant to undertake the noise compatibility program project. That agreement and changes thereto must be satisfactory to the Secretary. It will take steps to enforce this agreement against the local government if there is substantial non-compliance with the terms of the agreement.
 - d. For noise compatibility program projects to be carried out on privately owned property, it will enter into an agreement with the owner of that property which includes provisions specified by the Secretary. It will take steps to enforce this agreement against the property owner whenever there is substantial non-compliance with the terms of the agreement.
 - e. If the sponsor is a private sponsor, it will take steps satisfactory to the Secretary to ensure that the airport will continue to function as a public-use airport in accordance with these assurances for the duration of these assurances.
 - f. If an arrangement is made for management and operation of the airport by any agency or person other than the sponsor or an employee of the sponsor, the sponsor will reserve sufficient rights and authority to insure that the airport will be operated and maintained in accordance with the Airport and Airway Improvement Act of 1982, the regulations and the terms, conditions and assurances in the grant agreement and shall insure that such arrangement also requires compliance therewith.
6. **Consistency with Local Plans.** The project is reasonably consistent with plans (existing at the time of submission of this application) of public agencies that are authorized by the State in which the project is located to plan for the development of the area surrounding the airport. For noise compatibility program projects, other than land acquisition, to be carried out on property not owned by the airport and over which property another public agency has land use control or authority, the sponsor shall obtain from each such agency a written declaration that such agency supports that project and the project is reasonably consistent with the agency's plans regarding the property.
7. **Consideration of Local Interest.** It has given fair consideration to the interest of communities in or near which the project may be located.

8. **Consultation with Users.** In making a decision to undertake any airport development project under the Airport and Airway Improvement Act of 1982, it has undertaken reasonable consultations with affected parties using the airport at which project is proposed
9. **Public Hearings.** In projects involving the location of an airport, an airport runway, or a major runway extension, it has afforded the opportunity for public hearings for the purpose of considering the economic, social, and environmental effects of the airport or runway location and its consistency with goals and objectives of such planning as has been carried out by the community. It shall, when requested by the Secretary, submit a copy of the transcript of such hearings to the Secretary
10. **Air and Water Quality Standards.** In projects involving airport location, a major runway extension, or runway location it will provide for the Governor of the state in which the project is located to certify in writing to the Secretary that the project will be located, designed, constructed, and operated so as to comply with applicable air and water quality standards. In any case where such standards have not been approved and where applicable air and water quality standards have been promulgated by the Administrator of the Environmental Protection Agency, certification shall be obtained from such Administrator. Notice of certification or refusal to certify shall be provided within sixty days after the project application has been received by the Secretary.
11. **Local Approval.** In projects involving the construction or extension of any runway at any general aviation airport located astride a line separating two counties within a single state, it has received approval for the project from the governing body of all villages incorporated under the laws of that state which are located entirely within five miles of the nearest boundary of the airport.
12. **Terminal Development Prerequisites.** For projects which include terminal development at a public airport, it has, on the date of submittal of the project grant application, all the safety equipment required for certification of such airport under section 612 of the Federal Aviation Act of 1958 and all the security equipment required by rule or regulation, and has provided for access to the passenger enplaning and deplaning area of such airport to passengers enplaning or deplaning area of such airport to passengers enplaning or deplaning from aircraft other than air carrier aircraft
13. **Accounting System, Audit, and Recordkeeping Requirements.**
 - a. It shall keep all project accounts and records which fully disclose the amount and disposition by the recipient of the proceeds of the grant, the total cost of the project in connection with which the grant is given or used, and the amount and nature of that portion of the cost of the project supplied by other sources, and such other financial records pertinent to the project. The accounts and records shall be kept in accordance with an accounting system that will facilitate an effective audit in accordance with the Single Audit Act of 1984.
 - b. It shall make available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for the purpose of audit and examination, any books, documents, papers, and records of the recipient that are pertinent to the grant. The Secretary may require that an appropriate audit be conducted by a recipient. In any case in which an independent audit is made of the accounts of a sponsor relating to the disposition of the proceeds of a grant or relating to the project in connection with which the grant was given or used, it shall file a certified copy of such audit with the Comptroller General of the United States not later than 6 months following the close of the fiscal year for which the audit was made
14. **Minimum Wage Rates.** It shall include, in all contracts in excess of \$2,000 for work on any projects funded under the grant agreement which involve labor, provisions establishing minimum rates of wages, to be predetermined by the Secretary of Labor, in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a--276a-5), which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work
15. **Veteran's Preference.** It shall include, in all contracts for work on any projects funded under the grant agreement which involve labor, such provisions as are necessary to insure that, in the employment of labor (except in executive, administrative, and supervisory positions), preference shall be given to veterans of the Vietnam era and disabled veterans as defined in Section 515(c)(1) and (2) of the Airport and Airway Improvement Act of 1982. However, this preference shall apply only where the individuals are available and qualified to perform the work to which the employment relates.

16. **Conformity to Plans and Specifications.** It will execute the project subject to plans, specifications, and schedules approved by the Secretary. Such plans, specifications, and schedules shall be submitted to the Secretary prior to commencement of site preparation, construction, or other performance under this grant agreement and, upon approval by the Secretary, shall be incorporated into this grant agreement. Any modifications to the approved plans, specifications, and schedules shall also be subject to approval by the Secretary and incorporation into the grant agreement.
17. **Construction Inspection and Approval.** It will provide and maintain competent technical supervision at the construction site throughout the project to assure that the work conforms with the plans, specifications, and schedules approved by the Secretary for the project. It shall subject the construction work on any project contained in an approved project application to inspection and approval by the Secretary and such work shall be in accordance with regulations and procedures prescribed by the Secretary. Such regulations and procedures shall require such cost and progress reporting by the sponsor or sponsors of such project as the Secretary shall deem necessary.
18. **Planning Projects.** In carrying out planning projects
- a. It will execute the project in accordance with the approved program narrative contained in the project application or with modifications similarly approved.
 - b. It will furnish the Secretary with such periodic reports as required pertaining to the planning project and planning work activities.
 - c. It will include in all published material prepared in connection with the planning project a notice that the material was prepared under a grant provided by the United States.
 - d. It will make such material available for examination by the public, and agrees that no material prepared with funds under this project shall be subject to copyright in the United States or any other country.
 - e. It will give the Secretary unrestricted authority to publish, disclose, distribute, and otherwise use any of the material prepared in connection with this grant.
 - f. It will grant the Secretary the right to disapprove the Sponsor's employment of specific consultants and their subcontractors to do all or any part of this project as well as the right to disapprove the proposed scope and cost of professional services.
 - g. It will grant the Secretary the right to disapprove the use of the sponsor's employees to do all or any part of the project.
 - h. It understands and agrees that the Secretary's approval of this project grant or the Secretary's approval of any planning material developed as part of this grant does not constitute or imply any assurance or commitment on the part of the Secretary to approve any pending or future application for a Federal airport grant.
19. **Operation and Maintenance.**
- a. It will suitably operate and maintain the airport and all facilities thereon or connected therewith, with due regard to climatic and flood conditions. Any proposal to temporarily close the airport for nonaeronautical purposes must first be approved by the Secretary. The airport and all facilities which are necessary to serve the aeronautical users of the airport, other than facilities owned or controlled by the United States, shall be operated at all times in a safe and serviceable condition and in accordance with the minimum standards as may be required or prescribed by applicable Federal, state and local agencies for maintenance and operation. It will not cause or permit any activity or action thereon which would interfere with its use for airport purposes.
- In furtherance of this assurance, the sponsor will have in effect at all times arrangements for--
- (1) Operating the airport's aeronautical facilities whenever required,
 - (2) Promptly marking and lighting hazards resulting from airport conditions, including temporary conditions, and
 - (3) Promptly notifying airmen of any condition affecting aeronautical use of the airport.
- Nothing contained herein shall be construed to require that the airport be operated for aeronautical use during temporary periods when snow, flood or other climatic conditions interfere with such operation and maintenance. Further, nothing herein shall be construed as requiring the maintenance, repair, restoration, or replacement of any structure or facility which is substantially damaged or destroyed due to an act of God or other condition or circumstance beyond the control of the sponsor.

- b It will suitable operate and maintain noise compatibility program items that it owns or controls upon which Federal funds have been expended.
20. **Hazard Removal and Mitigation.** It will take appropriate action to assure that such terminal airspace as is required to protect instrument and visual operations to the airport (including established minimum flight altitudes) will be adequately cleared and protected by removing, lowering, relocating, marking, or lighting or otherwise mitigating existing airport hazards and by preventing the establishment or creation of future airport hazards.
21. **Compatible Land Use.** It will take appropriate action, including the adoption of zoning laws, to the extent reasonable, to restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft. In addition, if the project is for noise compatibility program implementation, it will not cause or permit any change in land use, within its jurisdiction, that will reduce the compatibility, with respect to the airport, of the noise compatibility program measures upon which Federal funds have been expended.
22. **Economic Nondiscrimination.**
- a It will make its airport available as an airport for public use on fair and reasonable terms and without unjust discrimination, to all types, kinds, and classes of aeronautical uses.
 - b In any agreement, contract, lease or other arrangement under which a right or privilege at the airport is granted to any person, firm, or corporation to conduct or engage in any aeronautical activity for furnishing services to the public at the airport, the sponsor will insert and enforce provisions requiring the contractor to --
 - (1) furnish said services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and
 - (2) charge fair, reasonable, and not unjustly discriminatory prices for each unit or service, provided, that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers
 - c Each fixed-based operator at any airport owned by the sponsor shall be subject to the same rates, fees, rentals, and other charges as are uniformly applicable to all other fixed-based operators making the same or similar uses of such airport and utilizing the same or similar facilities
 - d Each air carrier using such airport shall have the right to service itself or to use any fixed-based operator that is authorized or permitted by the airport to serve any air carrier at such airport
 - e Each air carrier using such airport (whether as a tenant, nontenant, or subtenant of another air carrier tenant) shall be subject to such nondiscriminatory and substantially comparable rules, regulations, conditions, rates, fees, rentals, and other charges with respect to facilities directly and substantially related to providing air transportation as are applicable to all such air carriers which make similar use of such airport and which utilize similar facilities, subject to reasonable classifications such as tenants or nontenants and signatory carriers and nonsignatory carriers. Classification or status as tenant or signatory shall not be unreasonably withheld by any airport provided an air carrier assumes obligations substantially similar to those already imposed on air carriers in such classifications or status
 - f It will not exercise or grant any right or privilege which operates to prevent any person, firm, or corporation operating aircraft on the airport from performing any services on its own aircraft with its own employees (including, but not limited to maintenance, repair, and fueling) that it may choose to perform.
 - g In the event the sponsor itself exercises any of the rights and privileges referred to in this assurance, the services involved will be provided on the same conditions as would apply to the furnishing of such services by contractors or concessionaires of the sponsor under these provisions
 - h. The sponsor may establish such fair, equal, and not unjustly discriminatory conditions to be met by all users of the airport as may be necessary for the safe and efficient operation of the airport.
 - i The sponsor may prohibit or limit any given type, kind, or class of aeronautical use of the airport if such action is necessary for the safe operation of the airport or necessary to serve the civil aviation needs of the public.

23. **Exclusive Rights.** It will permit no exclusive right for the use of the airport by any persons providing, or intending to provide, aeronautical services to the public. For purposes of this paragraph, the providing of services at an airport by a single fixed-based operator shall not be construed as an exclusive right if both of the following apply:
- a. It would be unreasonably costly, burdensome, or impractical for more than one fixed-based operator to provide such services, and
 - b. If allowing more than one fixed-based operator to provide such services would require the reduction of space leased pursuant to an existing agreement between such single fixed-based operator and such airport.
- It further agrees that it will not, either directly or indirectly, grant or permit any person, firm or corporation the exclusive right at the airport, or at any other airport now owned or controlled by it, to conduct any aeronautical activities, including, but not limited to charter flights, pilot training, aircraft rental and -sightseeing, aerial photography, crop dusting, aerial advertising and surveying, air carrier operations, aircraft sales and services, sale of aviation petroleum products whether or not conducted in conjunction with other aeronautical activity, repair and maintenance of aircraft, sale of aircraft parts, and any other activities which because of their direct relationship to the operation of aircraft can be regarded as an aeronautical activity, and that it will terminate any exclusive right to conduct an aeronautical activity now existing at such an airport before the grant of any assistance under the Airport and Airway Improvement Act of 1982.
24. **Fee and Rental Structure.** It will maintain a fee and rental structure consistent with Assurance 22 and 23 for the facilities and services being provided the airport users which will make the airport as self-sustaining as possible under the circumstances existing at the particular airport, taking into account such factors as the volume of traffic and economy of collection. No part of the Federal share of an airport development, airport planning or noise compatibility project for which a grant is made under the Airport and Airway Improvement Act of 1982, the Federal Airport Act or the Airport and Airway Development Act of 1970 shall be included in the rate base in establishing fees, rates, and charges for users of that airport.
25. **Airport Revenue.** If the airport is under the control of a public agency, all revenues generated by the airport and any local taxes on aviation fuel established after December 30, 1987, will be expended by it for the capital or operating costs of the airport; the local airport system; or other local facilities which are owned or operated by the owner or operator of the airport and directly and substantially related to the actual air transportation of passengers or property, or for noise mitigation purposes on or off the airport. Provided, however, that if covenants or assurances in debt obligations issued before September 3, 1982, by the owner or operator of the airport, or provisions enacted before September 3, 1982, in governing statutes controlling the owner or operator's financing, provide for the use of the revenues from any of the airport owner or operator's facilities, including the airport, to support not only the airport but also the airport owner or operator's general debt obligations or other facilities, then this limitation on the use of all revenues generated by the airport (and, in the case of a public airport, local taxes on aviation fuel) shall not apply.
26. **Reports and Inspections.** It will submit to the Secretary such annual or special financial and operations reports as the Secretary may reasonably request. For airport development projects, it will also make the airport and all airport records and documents affecting the airport, including deeds, leases, operation and use agreements, regulations and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request. For noise compatibility program projects, it will also make records and documents relating to the project and continued compliance with the terms, conditions, and assurances of the grant agreement including deeds, leases, agreements, regulations, and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request.
27. **Use of Government Aircraft.** It will make available all of the facilities of the airport developed with Federal financial assistance and all those usable for landing and takeoff of aircraft to the United States for use by Government aircraft in common with other aircraft at all times without charge, except, if the use by Government aircraft is substantial, charge may be made for a reasonable share, proportional to such use, for the cost of operating and maintaining the facilities used. Unless otherwise determined by the Secretary, or otherwise agreed to by the sponsor and the using agency, substantial use of an airport by Government aircraft will be considered to exist when operations of such aircraft are in excess of those which, in the opinion of the Secretary, would unduly interfere with use of the landing areas by other authorized aircraft, or during any calendar month that --

- a Five (5) or more Government aircraft are regularly based at the airport or on land adjacent thereto, or
 - b The total number of movements (counting each landing as a movement) of Government aircraft is 300 or more, or the gross accumulative weight of Government aircraft using the airport (the total movements of Government aircraft multiplied by gross weights of such aircraft) is in excess of five million pounds
- 28. **Land for Federal Facilities.** It will furnish without cost to the Federal Government for use in connection with any air traffic control or air navigation activities, or weather-reporting and communication activities related to air traffic control, any areas of land or water, or estate therein, or rights in buildings of the sponsor as the Secretary considers necessary or desirable for construction, operation, and maintenance at Federal expense of space or facilities for such purposes. Such areas or any portion thereof will be made available as provided herein within four months after receipt of a written request from the Secretary.
- 29. **Airport Layout Plan.**
 - a It will keep up to date at all times an airport layout plan of the airport showing (1) boundaries of the airport and all proposed additions thereto, together with the boundaries of all offsite areas owned or controlled by the sponsor for airport purposes and proposed additions thereto; (2) the location and nature of all existing and proposed airport facilities and structures (such as runways, taxiways, aprons, terminal buildings, hangars and roads), including all proposed extensions and reductions of existing airport facilities; and (3) the location of all existing and proposed nonaviation areas and of all existing improvements thereon. Such airport layout plan and each amendment, revision, or modification thereof, shall be subject to the approval of the Secretary which approval shall be evidenced by the signature of a duly authorized representative of the Secretary on the face of the airport layout plan. The sponsor will not make or permit any changes or alterations in the airport or in any of its facilities which are not in conformity with the airport layout plan as approved by the Secretary and which might, in the opinion of the Secretary, adversely affect the safety, utility, or efficiency of the airport.
 - b If a change or alteration in the airport or its facilities is made which the Secretary determines adversely affects the safety, utility, or efficiency of any federally owned, leased, or funded property on or off the airport and which is not in conformity with the airport layout plan as approved by the Secretary, the owner or operator will, if requested by the Secretary (1) eliminate such adverse effect in a manner approved by the Secretary; or (2) bear all costs of relocating such property (or replacement thereof) to a site acceptable to the Secretary and all costs of restoring such property (or replacement thereof) to the level of safety, utility, efficiency, and cost of operation existing before the unapproved change in the airport or its facilities.
- 30. **Civil Rights.** It will comply with such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from funds received from this grant. This assurance obligates the sponsor for the period during which Federal financial assistance is extended to the program, except where Federal financial assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon, in which case the assurance obligates the sponsor or any transferee for the longer of the following periods: (a) the period during which the property is used for a purpose for which Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits or (b) the period during which the sponsor retains ownership or possession of the property.
- 31. **Disposal of Land.**
 - a For land purchased under a grant before, on, or after December 30, 1987, for airport noise compatibility purposes, it will dispose of the land, when the land is no longer needed for such purposes, at fair market value at the earliest practicable time. That portion of the proceeds of such disposition which is proportionate to the United States share of acquisition of such land will, at the discretion of the Secretary, 1) be paid to the Secretary for deposit in the Trust Fund or 2) be reinvested in an approved noise compatibility project as prescribed by the Secretary.
 - b For land purchased for airport purposes (other than noise compatibility) under a grant before, on, or after December 30, 1987, it will, when the land is no longer needed for airport purposes, dispose of such land at fair market value. That portion of the proceeds of such disposition, which is proportionate to the United States share of the cost of acquisition of such land will be paid to the Secretary for deposit in the Trust Fund.

- c Disposition of such land under a and b above will be subject to the retention or reservation on any interest or right therein necessary to ensure that such land will only be used for purposes which are compatible with noise levels associated with the operation of the airport.
32. **Engineering and Design Services.** It will award each contract, or sub-contract for program management, construction management, planning studies, feasibility studies, architectural services, preliminary engineering, design, engineering, surveying, mapping, or related services with respect to the project in the same manner as a contract for architectural and engineering services is negotiated under title IX of the Federal Property and Administrative Services Act of 1949 or an equivalent qualifications-based requirement prescribed for or by the sponsor of the airport.
33. **Foreign Market Restrictions.** It will not allow funds provided under this grant to be used to fund any project which uses any product or service of a foreign country during the period in which such foreign country is listed by the United States Trade Representative as denying fair and equitable market opportunities for products and suppliers of the United States in procurement and construction.
34. **Policies, Standards, and Specifications.** It will carry out the project in accordance with policies, standards, and specifications approved by the Secretary including but not limited to the advisory circulars listed below and in accordance with applicable state policies, standards, and specifications approved by the Secretary

Number	Subject
70/7460-1G	Obstruction Marking and Lighting
150/5100-14A	Architectural, Engineering and Planning Consultant Services for Airport Grant Projects
150/5200-30	Airport Winter Safety and Operations
150/5210-5B	Painting, Marking, and Lighting of Vehicles Used on an Airport
150/5210-7B	Aircraft Fire and Rescue Communications
150/5210-14	Airport Fire and Rescue Personnel Protective Clothing
150/5210-15	Airport Rescue and Firefighting Station Building Design
150/5220-4A	Water Supply Systems for Aircraft Fire and Rescue Protection
150/5220-10	Guide Specification for Water/Foam Type Aircraft Fire and Rescue Trucks
150/5220-11	Airport Snowblower Specification Guide
150/5220-12	Airport Snowsweeper Specification Guide
150/5220-13A	Runway Surface Condition Sensor--Specification Guide
150/5220-14A	Airport Fire and Rescue Vehicle Specification Guide
150/5220-15	Buildings For Storage and Maintenance of Airport Snow Removal and Ice Control Equipment. A Guide
150/5220-16	Automated Weather Observing Systems (AWOS) for Non-Federal Applications
150/5220-17	Design Standards for an Aircraft Rescue and Firefighting Facility
150/5300-4B	Utility Airports--Air Access to National Transportation
150/5300-12	Airport Design Standards--Transport Airports
150/5320-5B	Airport Drainage
150/5320-6C	Airport Pavement Design and Evaluation
150/5320-12A	Methods for the Design, Construction, and Maintenance of Skid Resistant Airport Pavement Surfaces
150/5320-14	Airport Landscaping for Noise Control Purposes
150/5325-4	Runway Length Requirements for Airport Design
150/5340-1F	Marking of Paved Areas on Airports
150/5340-4C	Installation Details for Runway Centerline Touchdown Zone Lighting Systems
150/5340-5B	Segmented Circle Airport Marker System
150/5340-14B	Economy Approach Lighting Aids
150/5340-17B	Standby Power for Non-FAA Airport Lighting Systems
150/5340-18B	Standards for Airport Sign Systems
150/5340-19	Taxiway Centerline Lighting Systems
150/5340-21	Airport Miscellaneous Lighting Visual Aids
150/5340-23A	Supplemental Wind Cones
150/5340-24	Runway and Taxiway Edge Lighting System
150/5340-27A	Air-to-Ground Radio Control of Airport Lighting Systems

Number	Subject
150/5345-3D	Specification for L-821 Panels for Remote Control of Airport Lighting
150/5345-5A	Circuit Selector Switch
150/5345-7D	Specification for L-824 Underground Electrical Cable for Airport Lighting Circuits
150/5345-10E	Specification for Constant Current Regulators and Regulator Monitors
150/5345-12C	Specification for Airport and Heliport Beacon
150/5345-13A	Specification for L-841 Auxiliary Relay Cabinet Assembly for Pilot Control of Airport Lighting Circuits
150/5345-26B	Specification for L-823 Plug and Receptacle Cable Connectors
150/5345-27C	Specification for Wind Cone Assemblies
150/5345-28D	Precision Approach Path Indicator (PAPI) Systems
150/5345-39B	FAA Specification L-853, Runway and Taxiway Centerline Retroreflective Markers
150/5345-42B	FAA Specification L-857, Airport Light Bases, Transformer Houses, and Junction Boxes
150/5345-43C	Specification for Obstruction Lighting Equipment
150/5345-44D	Specification for Taxiway and Runway Signs
150/5345-45A	Lightweight Approach Light Structure
150/5345-46A	Specification for Runway and Taxiway Light Fixtures
150/5345-47A	Isolation Transformers for Airport Lighting Systems
150/5345-49A	Specification L-854, Radio Control Equipment
150/5345-50	Specification for Portable Runway Lights
150/5345-51	Specification for Discharge-Type Flasher Equipment
150/5345-52	Generic Visual Glideslope Indicators (GVGI)
150/5360-13	Planning and Design Guidelines for Airport Terminal Facilities
150/5370-6A	Construction Progress and Inspection Report--Federal-Aid Airport Program
150/5370-10	Standards for Specifying Construction of Airports
150/5370-11	Use of Nondestructive Testing Devices in the Evaluation of Airport Pavements
150/5370-12	Quality Control of Construction for Airport Grant Projects
150/5390-2	Heliport Design

Appendix 5.

ASSURANCES

Noise Compatibility Program Projects Undertaken by Nonairport Sponsors

A. General.

1. These assurances shall be complied with in the performance of grant agreements for noise compatibility projects undertaken by sponsors who are not proprietors of the airport which is the subject of the noise compatibility program.
2. These assurances are required to be submitted as part of the project application by sponsors requesting funds under the provisions of the Airport and Airway Improvement Act of 1982, as amended, and the Aviation Safety and Noise Abatement Act of 1979, as amended. Sponsors are units of local government in the areas around the airport which is the subject of the noise compatibility program.
3. Upon acceptance of the grant offer by the sponsor, these assurances are incorporated in and become part of the grant agreement.

B. Duration. The terms, conditions, and assurances of the grant agreement shall remain in full force and effect throughout the useful life of the facilities developed or equipment acquired or throughout the useful life of the items installed under this project, but in any event not to exceed twenty (20) years from the date of acceptance of a grant offer of Federal funds for the project. However, there shall be no time limit on the duration of the terms, conditions, and assurances with respect to real property acquired with Federal funds. Furthermore, the duration of the Civil Rights Assurance shall be as specified in the assurance.

C. Sponsor Certification. The sponsor hereby assures and certifies, with respect to this grant that:

1. **General Federal Requirements.** It will comply with all applicable Federal laws, regulations, executive orders, policies, guidelines and requirements as they relate to the application, acceptance, and use of Federal funds for this project including but not limited to the following:

Federal Legislation

- a. Federal Aviation Act of 1958 - 49 U.S.C. 1301, et seq.
- b. Davis-Bacon Act - 40 U.S.C. 276(a), et seq.
- c. Federal Fair Labor Standards Act - 29 U.S.C. 201, et seq.
- d. Hatch Act - 5 U.S.C. 1501, et seq.
- e. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 - 42 U.S.C. 4601, et seq.
- f. National Historic Preservation Act of 1966 - Section 106 - 16 U.S.C. 470(f).
- g. Archeological and Historic Preservation Act of 1974 - 16 U.S.C. 469 through 469c.
- h. Flood Disaster Protection Act of 1973 - Section 102(a), - 42 U.S.C. 4012a.
- i. Rehabilitation Act of 1973 - 29 U.S.C. 794.
- j. Civil Rights Act of 1964 - Title VI - 42 U.S.C. 2000d through d-4.
- k. Aviation Safety and Noise Abatement Act of 1979, 49 U.S.C. 2101, et seq.
- l. Age Discrimination Act of 1975 - 42 U.S.C. 6101, et seq.
- m. Architectural Barriers Act of 1968 - 42 U.S.C. 4151, et seq.
- n. Airport and Airway Improvement Act of 1982, as amended 49 U.S.C. 2201, et seq.
- o. Powerplant and Industrial Fuel Use Act of 1978 - Section 403 - 42 U.S.C. 8373.
- p. Contract Work Hours and Safety Standards Act - 40 U.S.C. 327, et seq.
- q. Copeland Antikickback Act - 18 U.S.C. 874.
- r. National Environmental Policy Act of 1969 - 42 U.S.C. 4321, et seq.
- s. Endangered Species Act of 1973 - 16 U.S.C. 668(a), et seq.
- t. Single Audit Act of 1984 - 31 U.S.C. 7501, et seq.

Executive Orders

Executive Order 12372 - Intergovernmental Review of Federal Programs

Executive Order 11246 - Equal Employment Opportunity

Federal Regulations

- a. 49 CFR Part 18 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.
- b. 49 CFR Part 21 - Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964.

- c. 49 CFR Part 23 - Participation by Minority Business Enterprise in Department of Transportation Programs
- d. 49 CFR Part 24 - Uniform Relocation Assistance and Real Property Acquisition Regulation for Federal and Federally Assisted Programs.
- e. 49 CFR Part 27 - Non-Discrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance.
- f. 49 CFR Part 29 - Debarments, Suspensions and Voluntary Exclusions.
- g. 49 CFR Part 30 - Denial of Public Works Contracts to Suppliers of Goods and Services of Countries That Deny Procurement Market Access to U.S. Contractors.
- h. 29 CFR Part 1 - Procedures for Predetermination of Wage Rates.
- i. 29 CFR Part 3 - Contractors or Subcontractors on Public Buildings or Public Works Financed in Whole or Part by Loans or Grants from U.S.
- j. 29 CFR Part 5 - Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction.
- k. 41 CFR Part 80 - Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor (Federal and Federally-assisted Contracting Requirements).
- l. 14 CFR Part 150 - Airport Noise Compatibility Planning.

Office of Management and Budget Circulars

- a. A-87 - Cost Principles Applicable to Grants and Contracts with State and Local Governments.
- b. A-128 - Audits of State and Local Governments.

Specific assurances required to be included in grant agreements by any of the above laws, regulations or circulars are incorporated by reference in the grant agreement.

- 2. **Responsibility and Authority of the Sponsor.** It has legal authority to apply for the grant, and to finance and carry out the proposed project; that a resolution, motion, or similar action has been duly adopted or passed as an official act of the applicant's governing body authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.
- 3. **Sponsor Fund Availability.**
 - a. It has sufficient funds available for that portion of the project costs which are not to be paid by the United States.
 - b. It has sufficient funds available to ensure operation and maintenance of items funded under the grant agreement which it will own or control.
- 4. **Good Title.** For projects to be carried out on the property of the sponsor, it holds good title satisfactory to the Secretary to that portion of the property upon which Federal funds will be expended or will give assurance to the Secretary that good title will be obtained.
- 5. **Preserving Rights and Powers.**
 - a. It will not enter into any transaction, or change thereto, or take or permit any action which would operate to deprive it of any of the rights and powers necessary to perform any or all of the terms, conditions, and assurances in the grant agreement without the written approval of the Secretary, and will act to acquire, extinguish, or modify any outstanding rights or claims of right of others which would interfere with such performance by the sponsor. This shall be done in a manner acceptable to the Secretary.
 - b. It will not sell, lease, encumber, or otherwise transfer or dispose of any part of its title or other interests in the property for which it holds good title and upon which Federal funds have been expended, for the duration of the terms, conditions, and assurances in the grant agreement without approval by the Secretary. If the transferee is found by the Secretary to be eligible under the Airport and Airway Improvement Act of 1982 to assume the obligations of the grant agreement and to have the power, authority, and financial resources to carry out all such obligations, the sponsor shall insert in the contract or document transferring or disposing of the sponsor's interest, and make binding upon the transferee, all of the terms, conditions and assurances contained in this grant agreement.
 - c. For all noise compatibility projects which are to be carried out by another unit of local government or are on property owned by a unit of local government other than the sponsor, it will enter into an agreement with that governmental unit. Except as otherwise specified by the Secretary, that agreement shall obligate that governmental unit to the same terms, conditions, and assurances that would be applicable to it if it applied directly to the FAA for a grant to undertake the noise compatibility project. That agreement and changes thereto must be approved in advance by the Secretary.

- d. For noise compatibility projects to be carried out on privately owned property, it will enter into an agreement with the owner of that property which includes provisions specified by the Secretary.
6. **Consistency with Local Plans.** The project is reasonably consistent with plans (existing at the time of submission of this application) of public agencies that are authorized by the State in which the project is located to plan for the development of the area surrounding the airport. For noise compatibility projects to be carried out on property which is not owned by the sponsor and which is under the land use control or authority of a public agency other than the sponsor, the sponsor shall obtain from each agency a written declaration that such agency supports the project and the project is reasonably consistent with the agency's plans regarding the property.
7. **Consideration of Local Interest.** It has given fair consideration to the interest of communities in or near which the project may be located.
8. **Accounting System, Audit, and Recordkeeping Requirements.**
- a. It shall keep all project accounts and records which fully disclose the amount and disposition by the recipient of the proceeds of the grant, the total cost of the project in connection with which the grant is given or used, and the amount and nature of that portion of the cost of the project supplied by other sources, and such other financial records pertinent to the project. The accounts and records shall be kept in accordance with an accounting system that will facilitate an effective audit in accordance with the Single Audit Act of 1984.
 - b. It shall make available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for the purpose of audit and examination, any books, documents, papers, and records of the recipient that are pertinent to the grant. The Secretary may require that an appropriate audit be conducted by a recipient. In any case in which an independent audit is made of the accounts of a sponsor relating to the disposition of the proceeds of a grant or relating to the project in connection with which the grant was given or used, it shall file a certified copy of such audit with the Comptroller General of the United States not later than 6 months following the close of the fiscal year for which the audit was made.
9. **Minimum Wage Rates.** It shall include, in all contracts in excess of \$2,000 for work on any projects funded under the grant agreement which involve labor, provisions establishing minimum rates of wages, to be predetermined by the Secretary of Labor, in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work.
10. **Veteran's Preference.** It shall include, in all contracts for work on any projects funded under the grant agreement which involve labor, such provisions as are necessary to insure that, in the employment of labor (except in executive, administrative, and supervisory positions), preference shall be given to veterans of the Vietnam era and disabled veterans as defined in Section 515(c)(1) and (2) of the Airport and Airway Improvement Act of 1982. However, this preference shall apply only where the individuals are available and qualified to perform the work to which the employment relates.
11. **Conformity to Plans and Specifications.** It will execute the project subject to plans, specifications, and schedules approved by the Secretary. Such plans, specifications, and schedules shall be submitted to the Secretary prior to commencement of site preparation, construction, or other performance under this grant agreement, and, upon approval by the Secretary, shall be incorporated into this grant agreement. Any modifications to the approved plans, specifications, and schedules shall also be subject to approval by the Secretary and incorporation into the grant agreement.
12. **Construction Inspection and Approval.** It will provide and maintain competent technical supervision at the construction site throughout the project to assure that the work conforms with the plans, specifications, and schedules approved by the Secretary for the project. It shall subject the construction work on any project contained in an approved project application to inspection and approval by the Secretary and such work shall be in accordance with regulations and procedures prescribed by the Secretary. Such regulations and procedures shall require such cost and progress reporting by the sponsor or sponsors of such project as the Secretary shall deem necessary.
13. **Operation and Maintenance.** It will suitably operate and maintain noise compatibility program project items that it owns or controls upon which Federal funds have been expended.
14. **Hazard Prevention.** It will protect such terminal airspace as is required to protect instrument and visual operations to the airport (including established minimum flight altitudes) by preventing the establishment or creation of future airport hazards on property owned or controlled by it or over which it has land use jurisdiction.

15. **Compatible Land Use.** It will take appropriate action, including the adoption of zoning laws, to the extent reasonable, to restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft. In addition, it will not cause or permit any change in land use, within its jurisdiction that will reduce the compatibility, with respect to the airport, of the noise compatibility measures upon which Federal funds have been expended.
16. **Reports and Inspections.** It will submit to the Secretary such annual or special financial and operations reports as the Secretary may reasonably request. It will also make records and documents relating to the project, and continued compliance with the terms, conditions, and assurances of the grant agreement including deeds, leases, agreements, regulations, and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request.
17. **Civil Rights.** It will comply with such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from funds received from this grant. This assurance obligates the sponsor for the period during which Federal financial assistance is extended to the program, except where Federal financial assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon, in which case the assurance obligates the sponsor or any transferee for the longer of the following periods: (a) the period during which the property is used for a purpose for which Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits or (b) the period during which the sponsor retains ownership or possession of the property.
18. **Engineering and Design Services.** It will award each contract or subcontract for program management, construction management, planning studies, feasibility studies, architectural services, preliminary engineering design, engineering, surveying, mapping, or related services with respect to the project in the same manner as a contract for architectural and engineering services is negotiated under title IX of the Federal Property and Administrative Services Act of 1949 or an equivalent qualifications-based requirement prescribed for or by the sponsor.
19. **Foreign Market Restrictions.** It will not allow funds provided under this grant to be used to fund any project which uses any product or service of a foreign country during the period in which such foreign country is listed by the United States Trade Representative as denying fair and equitable market opportunities for products and suppliers of the United States in procurement and construction.
20. **Disposal of Land.**
 - a. For land purchased under a grant before, on, or after December 30, 1987, for airport noise compatibility purposes, it will dispose of the land when no longer needed for such purposes at fair market value at the earliest practicable time. That portion of the proceeds of such disposition which is proportionate to the United States share of acquisition of such land will, at the discretion of the Secretary, 1) be paid to the Secretary for deposit in the Trust Fund, or 2) be reinvested in an approved noise compatibility project as prescribed by the Secretary.
 - b. Disposition of such land will be subject to the retention or reservation on any interest or right therein necessary to ensure that such land will only be used for purposes which are compatible with noise levels associated with the operation of the airport.

Appendix 6. Application Form **PART I**

OMB Approval No. 0348-0043

APPLICATION FOR FEDERAL ASSISTANCE

1. TYPE OF SUBMISSION: Application <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction Preapplication <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction		2. DATE SUBMITTED	Applicant Identifier																												
		3. DATE RECEIVED BY STATE	State Application Identifier																												
		4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier																												
5. APPLICANT INFORMATION																															
Legal Name		Organizational Unit																													
Address (give city, county, state and zip code)		Name and telephone number of the person to be contacted on matters involving this application (give area code)																													
6. EMPLOYER IDENTIFICATION NUMBER (EIN): <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px;"></div>		7. TYPE OF APPLICANT (enter appropriate letter in box) <input type="checkbox"/> <table style="width:100%; font-size: small;"> <tr> <td>A State</td> <td>H Independent School Dist</td> </tr> <tr> <td>B County</td> <td>I State Controlled Institution of Higher Learning</td> </tr> <tr> <td>C Municipal</td> <td>J Private University</td> </tr> <tr> <td>D Township</td> <td>K Indian Tribe</td> </tr> <tr> <td>E Interstate</td> <td>L Individual</td> </tr> <tr> <td>F Intermunicipal</td> <td>M Profit Organization</td> </tr> <tr> <td>G Special District</td> <td>N Other (Specify) _____</td> </tr> </table>		A State	H Independent School Dist	B County	I State Controlled Institution of Higher Learning	C Municipal	J Private University	D Township	K Indian Tribe	E Interstate	L Individual	F Intermunicipal	M Profit Organization	G Special District	N Other (Specify) _____														
A State	H Independent School Dist																														
B County	I State Controlled Institution of Higher Learning																														
C Municipal	J Private University																														
D Township	K Indian Tribe																														
E Interstate	L Individual																														
F Intermunicipal	M Profit Organization																														
G Special District	N Other (Specify) _____																														
8. TYPE OF APPLICATION <input type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision 9. Revision (enter appropriate letter in box) <input type="checkbox"/> <input type="checkbox"/> A Increase Award B Decrease Award C Increase Duration D Decrease Duration Other (Specify) _____		10. NAME OF FEDERAL AGENCY																													
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px;"></div> TITLE		11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT																													
12. AREAS AFFECTED BY PROJECT (list counties, states, etc.) <div style="border: 1px solid black; width: 100%; height: 40px; margin: 5px;"></div>																															
13. PROPOSED PROJECT: Start Date Ending Date		14. CONGRESSIONAL DISTRICTS OF: a Applicant b Project																													
15. ESTIMATED FUNDING <table style="width:100%; font-size: x-small;"> <tr> <td style="width:20%;">a Federal</td> <td style="width:10%;">\$</td> <td style="width:10%;"></td> <td style="width:10%;">.00</td> </tr> <tr> <td>b Applicant</td> <td>\$</td> <td></td> <td>.00</td> </tr> <tr> <td>c State</td> <td>\$</td> <td></td> <td>.00</td> </tr> <tr> <td>d Local</td> <td>\$</td> <td></td> <td>.00</td> </tr> <tr> <td>e Other</td> <td>\$</td> <td></td> <td>.00</td> </tr> <tr> <td>f Program Income</td> <td>\$</td> <td></td> <td>.00</td> </tr> <tr> <td>g TOTAL</td> <td>\$</td> <td></td> <td>.00</td> </tr> </table>		a Federal	\$.00	b Applicant	\$.00	c State	\$.00	d Local	\$.00	e Other	\$.00	f Program Income	\$.00	g TOTAL	\$.00	16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS? a YES THIS PREAPPLICATION APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE _____ b NO <input type="checkbox"/> PROGRAM IS NOT COVERED BY E.O. 12372 <input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW	
a Federal	\$.00																												
b Applicant	\$.00																												
c State	\$.00																												
d Local	\$.00																												
e Other	\$.00																												
f Program Income	\$.00																												
g TOTAL	\$.00																												
17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes" attach an explanation																															
18. TO THE BEST OF MY KNOWLEDGE AND BELIEF ALL DATA IN THIS APPLICATION PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN FULLY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED																															
a Typed Name of Authorized Representative		b Title	c Telephone number																												
d Signature of Authorized Representative		e Date Signed																													

Previous Editions Not Usable

Standard Form 234 REV 8-83
Prescribed by OMB Circular A-102

Authorized for Local Reproduction

INSTRUCTIONS FOR THE SF 424

This is a standard form used by applicants as a required facesheet for preapplications and applications submitted or Federal assistance. It will be used by Federal agencies to obtain applicant certification that States which have established a review and comment procedure in response to Executive Order 12372 and have selected the program to be included in their process, have been given an opportunity to review the applicant's submission.

- | Item: | Entry: |
|---|--|
| 1. Self-explanatory. | 12. List only the largest political entities affected (e.g., State, counties, cities). |
| 2. Date application submitted to Federal agency (or State if applicable) & applicant's control number (if applicable). | 13. Self-explanatory. |
| 3. State use only (if applicable). | 14. List the applicant's Congressional District and any District(s) affected by the program or project. |
| 4. If this application is to continue or revise an existing award, enter present Federal identifier number. If for a new project, leave blank. | 15. Amount requested or to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions should be included on appropriate lines as applicable. If the action will result in a dollar change to an existing award, indicate <u>only</u> the amount of the change. For decreases, enclose the amounts in parentheses. If both basic and supplemental amounts are included, show breakdown on an attached sheet. For multiple program funding, use totals and show breakdown using same categories as item 15. |
| 5. Legal name of applicant, name of primary organizational unit which will undertake the assistance activity, complete address of the applicant, and name and telephone number of the person to contact on matters related to this application. | 16. Applicants should contact the State Single Point of Contact (SPOC) for Federal Executive Order 12372 to determine whether the application is subject to the State intergovernmental review process. |
| 6. Enter Employer Identification Number (EIN) as assigned by the Internal Revenue Service. | 17. This question applies to the applicant organization, not the person who signs as the authorized representative. Categories of debt include delinquent audit disallowances, loans and taxes. |
| 7. Enter the appropriate letter in the space provided. | 18. To be signed by the authorized representative of the applicant. A copy of the governing body's authorization for you to sign this application as official representative must be on file in the applicant's office. (Certain Federal agencies may require that this authorization be submitted as part of the application.) |
| 8. Check appropriate box and enter appropriate letter(s) in the space(s) provided:
— "New" means a new assistance award.
— "Continuation" means an extension for an additional funding/budget period for a project with a projected completion date.
— "Revision" means any change in the Federal Government's financial obligation or contingent liability from an existing obligation. | |
| 9. Name of Federal agency from which assistance is being requested with this application. | |
| 10. Use the Catalog of Federal Domestic Assistance number and title of the program under which assistance is requested. | |
| 11. Enter a brief descriptive title of the project. If more than one program is involved, you should append an explanation on a separate sheet. If appropriate (e.g., construction or real property projects), attach a map showing project location. For preapplications, use a separate sheet to provide a summary description of this project. | |

PART II - APPLICATION FORM

Part II of the application will be the principal information used in selecting the successful candidates for the State block grant pilot program. States receiving block grants will be expected to carry out the program in accordance with the information which they present in the application. States may use any written format they choose to provide the following information. Each item should be addressed.

1. Describe your State's general approach to the block grant pilot program.
2. Describe your agency or organization to show that it is capable of administering effectively a block grant.
3. Describe your airport system planning process. Specify how safety and security projects are justified in your airport system planning process.
4. Describe your environmental protection requirements as they apply to airport development.
5. Define your project programming process. Specify the priority system for safety and security projects in your project programming process. Describe how this project programming process ensures that the needs of the national airport system are addressed.
6. Describe your procedure for compliance with Federal procedural and other standard requirements.
7. Describe any State channelling act which requires you to be an agency or sponsor in a Federal airport project.

PART III - APPLICATION FORM
ASSURANCES
STATE BLOCK GRANT PILOT PROGRAM

1. General. These assurances are required to be submitted as Part III of the project application by States applying for participation in the State block grant pilot program under Section 116 of the Airport and Airway Safety and Capacity Expansion Act of 1987, and 14 CFR Part 156 - State Block Grant Pilot Program, and shall be complied with in the performance of any grant agreement executed as a result of this application.
2. Inclusion in Grant Agreement. Upon acceptance of the grant offer by the State, these assurances are incorporated in and become part of the grant agreement.
3. Standard Federal Requirements. The State agrees to comply with Federal procedural and other standard requirements for administering the block grant.
4. Program Reporting. The State agrees to provide the FAA with such program information as the Secretary may require.
5. Obligation to Standard Assurances. For all projects where the State is the owner of the airport(s), the State shall be obligated to comply with the standard Airport Improvement Program assurances entitled "Assurances - Airport Sponsor" and "Assurances - Noise Compatibility Program Projects Undertaken by Nonairport Sponsors," as appropriate to the individual project. These standard assurances are attached to and become part of this State Block Grant Assurance.

For all projects benefiting an airport owner other than the State, the State shall enter into an agreement with that airport owner which shall obligate that airport owner, or the State, to comply with each of the attached assurances which would have been applicable to the airport owner as if it had applied directly to the FAA for a grant to undertake the project. That agreement shall address the transfer and delegation to the airport owner of State obligations to the FAA, if desired. That agreement and changes thereto must be satisfactory to the Administrator.
6. Compliance Responsibilities. The State shall take steps to enforce its agreement with each airport owner benefiting from the State block grant pilot program if noncompliance with the terms of the agreement is evident. This compliance responsibility

shall be assumed by FAA at the termination of the State block grant pilot program, or as otherwise agreed by the State and the FAA.

7. Environmental Responsibilities. A State which is subject to its own environmental requirements comparable to requirements of the National Environmental Policy Act of 1969 as defined in regulations issued by the U.S. Council on Environmental Quality (CEQ) shall follow its own requirements. If the State has no such requirements, it shall follow applicable CEQ regulations.

8. State Resource Availability. The State assures that sufficient funds will be available for that portion of project costs which are not paid by the United States, and that sufficient trained personnel will be available to carry out its responsibilities under this grant in a timely manner satisfactory to the FAA.

Appendix 7.

U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
STATE BLOCK GRANT PILOT PROGRAM
GRANT AGREEMENT

Part I - Offer

Date of Offer:

Block Grant No.:

Contract No.:

TO:

(herein called the "State")

FROM: The United States of America (acting through the Federal Aviation Administration, herein called the "FAA")

WHEREAS, the State has submitted to the FAA a Block Grant Application dated , for a grant of Federal funds for a block grant as authorized under Section 534 of the Airport and Airway Improvement Act of 1982, as amended, herein called the "Act," which Block Grant Application, as approved by the FAA, is hereby incorporated herein and made a part hereof; and

WHEREAS, the FAA has approved a block grant for the State as more particularly described in the Block Grant Application to carry out airport planning, development and noise program implementation projects, herein called "projects," at airports in the State which are not primary airports as defined in the Act.

NOW THEREFORE, pursuant to and for the purpose of carrying out the provisions of the Act, and/or the Aviation Safety and Noise Abatement Act of 1979, and in consideration of (a) the State's adoption and ratification of the representations and assurances contained in said Block Grant Application and its acceptance of this Offer as hereinafter provided, and (b) the benefits to accrue to the United States and the public from the accomplishment of the projects and compliance with the assurances and conditions as herein provided, THE FEDERAL AVIATION ADMINISTRATION, FOR AND ON BEHALF OF THE UNITED STATES, HEREBY OFFERS AND AGREES to pay, as the United States share of the allowable costs incurred in accomplishing the projects,

The Offer is made on and subject to the following terms and conditions:

Conditions

1. The maximum obligation of the United States payable under this offer shall be \$. Of this amount a minimum of \$ must be expended for projects at airports as prescribed in Section 507(a)(3) of the Act.
2. The allowable costs of the projects shall not include any costs determined by the FAA to be ineligible for consideration as to allowability under the Act.
3. Payment of the United States share of the allowable costs will be made pursuant to and in accordance with the provisions of such regulations and procedures as the Secretary shall prescribe. Final determination of the United States share will be based upon the final audit of the total amount of allowable costs and settlement will be made for any upward or downward adjustments to the Federal share of costs.
4. The State shall assure that projects are carried out and completed without undue delays and in accordance with the terms hereof, and such regulations and procedures as the Secretary shall prescribe, and agrees to comply with the assurances which were made part of the block grant application.
5. The FAA reserves the right to amend or withdraw this offer at any time prior to its acceptance by the State.
6. This offer shall expire and the United States shall not be obligated to pay any part of the costs unless this offer has been accepted by the State on or before or such subsequent date as may be prescribed in writing by the FAA.
7. The State shall take all steps, including litigation if necessary, to recover Federal funds spent fraudulently, wastefully, or in violation of Federal antitrust statutes, or misused in any other manner in any projects upon which Federal funds have been expended. For the purposes of this grant agreement, the term "Federal funds" means funds however used or disbursed by the State that were originally paid pursuant to this or any other Federal grant agreement. It shall obtain the approval of the Secretary as to any determination of the amount of the Federal share of such funds. It shall return the recovered Federal share, including funds recovered by settlement, order or judgment, to the Secretary. It shall furnish to the Secretary, upon request, all documents and records pertaining to the determination of the amount of the Federal share or to any settlement, litigation, negotiation, or other efforts taken to recover such funds. All settlements or other final positions of the State, in court or otherwise, involving the recovery of such Federal share shall be approved in advance by the Secretary.
8. The United States shall not be responsible or liable for damage to property or injury to persons which may arise from, or be incident to, compliance with this grant agreement.

The State's acceptance of this Offer and ratification and adoption of the Block Grant Application incorporated herein shall be evidenced by execution of this instrument by the State, as hereinafter provided, and this Offer and Acceptance shall comprise a Grant Agreement, as provided by the Act, constituting the contractual obligations and rights of the United States and the State with respect to the accomplishment of the projects and compliance with the assurances and conditions as provided herein. Such Grant Agreement shall become effective upon the State's acceptance of this Offer.

UNITED STATES OF AMERICA
FEDERAL AVIATION ADMINISTRATION

(Name) _____
(Title) _____

Part II - Acceptance

The State does hereby ratify and adopt all assurances, statements, representations, warranties, covenants, and agreements contained in the Block Grant Application and incorporated materials referred to in the foregoing Offer and does hereby accept this Offer and by such acceptance agrees to comply with all of the terms and conditions in this Offer and in the Block Grant Application.

Executed this _____ day of _____, 19 ____.

(Name of State)

(SEAL)

By _____
(State's Designated Official
Representative)

Title _____

Attest: _____

Title: _____

CERTIFICATE OF STATE'S ATTORNEY

I, _____, acting as Attorney for the State do hereby certify:

That in my opinion the State is empowered to enter into the foregoing Grant Agreement under the laws of the State of _____. Further, I have examined the foregoing Grant Agreement and the actions taken by said State and State's official representative has been duly authorized and that the execution thereof is in all respects due and proper and in accordance

APPENDIX B. APPLICATIONS AND LETTERS OF INTEREST

State Block Grant Pilot Program
Applications and Letters of Interest

The following States submitted applications for the State block grant pilot program:

1. Puerto Rico (2/8/89)
2. New Jersey (2/17/89)
3. Michigan (2/22/89)
4. Wisconsin (2/22/89)
5. Illinois (2/23/89)
6. Missouri (2/23/89)
7. Kansas (2/24/89)
8. Connecticut (2/27/89)
9. North Carolina (2/27/89)
10. Minnesota (2/28/89)

The following States submitted letters of interest and later responded that they will not apply for the State block grant pilot program:

1. Massachusetts (12/30/88)
2. Virgin Islands (1/18/89)
3. Palau (1/24/89)
4. Nebraska (2/2/89)
5. California (2/7/89)
6. Iowa (2/13/89)
7. Texas (2/14/89)
8. Delaware (2/16/89)
9. Colorado (2/23/89)

The following States also submitted letters of interest and did not apply for the State block grant pilot program:

1. North Dakota (10/27/88)
2. Maine (10/28/88)
3. Oklahoma (11/1/88)
4. Idaho (11/7/88)
5. Pennsylvania (11/7/88)
6. Rhode Island (11/9/88)
7. West Virginia (11/15/88)
8. New York (11/17/88)
9. Indiana (11/18/88)
10. Mississippi (11/18/88)
11. Virginia (11/21/88)
12. South Carolina (11/23/88)
13. Montana (11/28/88)
14. Arizona (11/29/88)
15. New Hampshire (12/8/88)
16. Florida (12/9/88)

AD-A234 369

REPORT TO CONGRESS STATE BLOCK GRANT PROGRAM(U) FEDERAL
AVIATION ADMINISTRATION WASHINGTON DC OFFICE OF AIRPORT
PLANNING AND MAY 92 DOT/FAR/PP-92-1

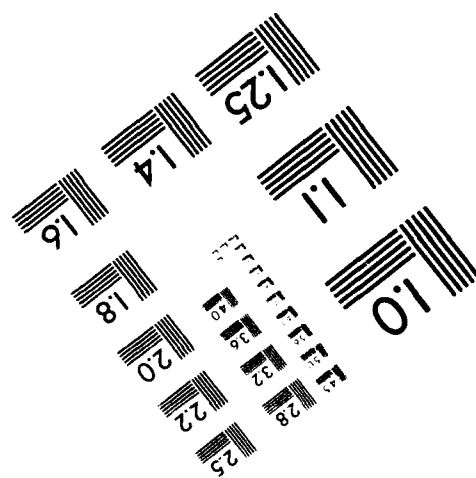
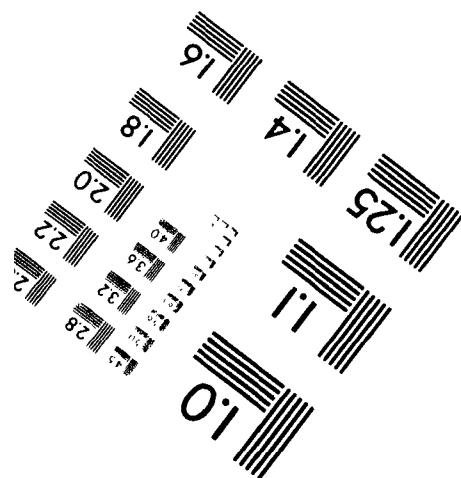
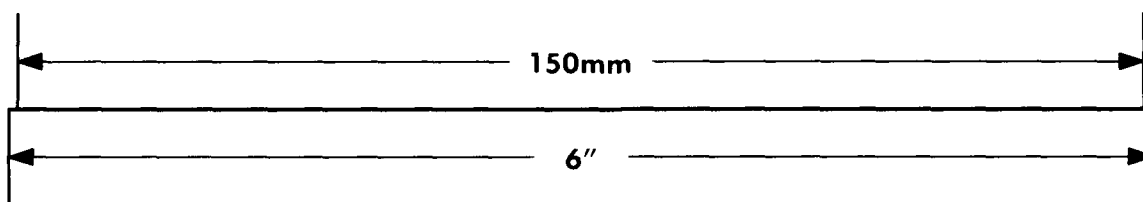
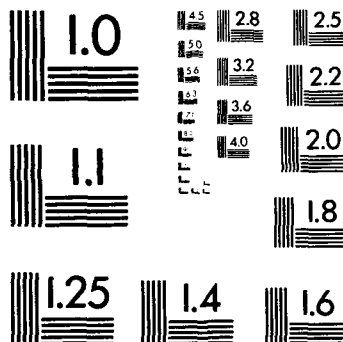
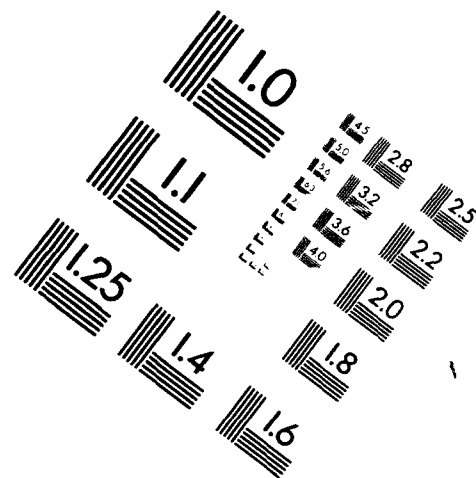
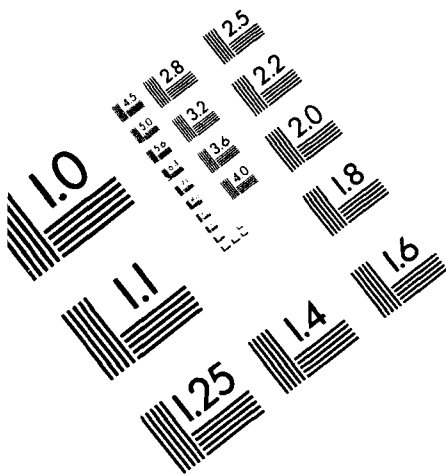
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PHOTOGRAPHIC SCIENCES CORPORATION
770 BASKET ROAD
P.O. BOX 338
WEBSTER, NEW YORK 14580
(716) 265-1600

The following States also responded that they will not apply for the State block grant pilot program:

1. Ohio (11/22/88)
2. Oregon (11/25/88)
3. Washington (11/28/88)
4. Hawaii (11/29/88)
5. New Mexico (11/29/88)
6. South Dakota (11/30/88)
7. Wyoming (12/8/88)
8. Kentucky (2/15/89)

The following States did not respond with letters of interest under Part 156:

1. Alabama
2. Alaska
3. American Samoa
4. Arkansas
5. Columbia
6. Georgia
7. Guam
8. Louisiana
9. Maryland
10. Nevada
11. North Mariana Islands
12. Tennessee
13. Utah
14. Vermont

State Block Grant Pilot Program
Applications and Letters of Interest

The following States submitted applications for the State block grant pilot program:

1. Puerto Rico (2/8/89)
2. New Jersey (2/17/89)
3. Michigan (2/22/89)
4. Wisconsin (2/22/89)
5. Illinois (2/23/89)
6. Missouri (2/23/89)
7. Kansas (2/24/89)
8. Connecticut (2/27/89)
9. North Carolina (2/27/89)
10. Minnesota (2/28/89)

The following States submitted letters of interest and later responded that they will not apply for the State block grant pilot program:

1. Massachusetts (12/30/88)
2. Virgin Islands (1/18/89)
3. Palau (1/24/89)
4. Nebraska (2/2/89)
5. California (2/7/89)
6. Iowa (2/13/89)
7. Texas (2/14/89)
8. Delaware (2/16/89)
9. Colorado (2/23/89)

The following States also submitted letters of interest and did not apply for the State block grant pilot program:

1. North Dakota (10/27/88)
2. Maine (10/28/88)
3. Oklahoma (11/1/88)
4. Idaho (11/7/88)
5. Pennsylvania (11/7/88)
6. Rhode Island (11/9/88)
7. West Virginia (11/15/88)
8. New York (11/17/88)
9. Indiana (11/18/88)
10. Mississippi (11/18/88)
11. Virginia (11/21/88)
12. South Carolina (11/23/88)
13. Montana (11/28/88)
14. Arizona (11/29/88)
15. New Hampshire (12/8/88)
16. Florida (12/9/88)

APPENDIX C. APPROVAL MEMORANDUM FOR STATE SELECTION



U.S. Department
of Transportation
Federal Aviation
Administration

Memorandum

Subject: **ACTION: State Selection for Block
Grant Pilot Program**

Date: **APR 25 1989**

From: **Associate Administrator
for Airports, ARP-1**

Reply to
Attn. of:

To: **The Acting Administrator**

Based on applications submitted under Federal Aviation Regulations, Part 156, the States of Illinois, North Carolina, and Missouri are recommended for the State Block Grant Pilot Program. We received 35 letters of interest, although formal applications were submitted by a total of 10 States. The pilot program calls for up to three States to administer Airport Improvement Program (AIP) grants for nonprimary airports during fiscal years 1990 and 1991.

The purpose of the State Block Grant Pilot Program is to identify administrative functions which might successfully be shifted to or shared with States in carrying out the AIP. The pilot program may result in recommendations to either develop State participation more fully or retain the present grant functions within FAA. A report to Congress will contain the results of the pilot program and recommendations on future actions.

An ad hoc State selection committee, consisting of the six undersigned, reviewed applications and determined each applicant met the mandatory requirements set forth in the Airport and Airway Safety and Capacity Expansion Act of 1987. These include State organizational capability, planning process, programming process, procedural requirements, and provision of program information. These requirements are described in Section 116 of the Act which is reprinted in its entirety in the preamble to the attached Part 156.

The selection committee discussed each application, ranked them in order of relative merit, and used team judgment to ensure an appropriate and diverse group of selected States. The diversity factors considered by the committee include FAA regional boundaries, demography, the historical number of annual AIP projects in a State, and State enabling

legislation. Diversity factors were previously outlined for the States.

We recommend that you approve this State selection. We also recommend coordination with the Office of the Secretary and have prepared the attached memorandum for your signature. The pilot program is considered a subject of great interest to States and airport grant recipients. Letters to interested States will be sent upon this approval and coordination. A press release has also been prepared.

Wm. Jack Esser
Wm. Jack Esser, ASW-2

Date: 4-13-89

Vincent A. Scarano
Vincent A. Scarano, ANE-600

Date: 4-14-89

Michael J. Harrison
Michael J. Harrison, ACP-8

Date: 4/24/89

Richard L. Rodine
Richard L. Rodine, AAS-300

Date: 4-24-89

Lowell H. Johnson
Lowell H. Johnson, APP-500

Date: 4/7/89

William J. McGill
William J. McGill, Guest Member (FAA Retired)

Date: 4-12-89

Concur: Robert W. Zatzek
Paul L. Galis, APP-1

Date: 4/24/89

Concur: Robert L. Donahue
Robert L. Donahue, ARP-1

Date: 4/25/89

Concur: Joseph M. Del Balzo
Joseph M. Del Balzo, AXD-1

Date: APR 27

Approved: Robert E. Whittington
Robert E. Whittington, AOA-1 (Acting)

Date: 5/11/89

2 Attachments

APPENDIX D. ADDENDUM TO THE GROUND RULES

June 1989

State Block Grant Pilot Program
Addendum to the Ground Rules

In addition to information contained in the original booklet on procedures for State applications, the following issues need to be discussed individually between the FAA and the selected States. Each of these issues may be subject to written agreement between the FAA and States due to variations in existing State law or procedures. A tentative list of program evaluation factors is also presented below:

1. **Environmental Responsibilities.** The environmental impact assessment process under the pilot program may differ in each State due to applicable State laws or requirements. The process will be agreed upon by the FAA and States to insure environmental impact is adequately addressed.

Participating pilot States shall comply with the National Environmental Policy Act (NEPA) as a matter of policy. States subject to their own environmental requirements shall follow them if they are comparable to NEPA as defined in the U.S. Council on Environmental Quality (CEQ) regulation. States which have no such requirements shall follow the CEQ regulation.

Approval of State block grants are categorically excluded federal actions from the standpoint of environmental processing since FAA does not decide on the list of funded projects. Environmental impact assessment responsibilities except Part 150 studies have been passed to States, and CEQ may ask to review the State agreement or procedures on these requirements.

2. **Monitoring Sponsor Compliance with Grant Assurances.** The extent and duration of State compliance responsibilities may be negotiated with FAA. Reports on violations of grant assurances will be considered during program review. The U.S. Departments of Labor, Transportation, or FAA Regional Offices may participate in investigations.

3. **Airport Layout Plans.** Airport layout plans (ALP) under the pilot program are to be coordinated with all interested parties, including FAA, and approved by the States. The completed ALP should be submitted to the FAA field office which will provide an advisory opinion rather than plan approval. This advisory opinion will address the safety, utility, and efficiency of the ALP. Variations on this ALP procedure, if desired, will be agreed upon by the FAA and States.

If justification is developed on adding a location to the National Plan of Integrated Airport Systems, the State may submit that documentation to FAA.

4. Reporting and Evaluation. The project monitoring and reporting system for the pilot program will be agreed upon by the FAA and each State. Ongoing review by FAA is required by the Act. An advisory team composed of FAA headquarters and field representatives will conduct evaluations which may include visits to project sites and to State offices during the pilot program. A second meeting between the three States and FAA will be held in June 1990. A summary report from each State will be requested by January 1991 for input to the Report to Congress.

Tentative program evaluation factors to be considered by the advisory team include the following:

- a. Pre-project Activities
 - 1. Acceptable project justification, eligibility, priority assignment, cost allowability, and use of capital improvement programming
 - 2. Involvement and agreements with airport sponsors or other interested parties
 - 3. Satisfactory airport layout planning, modification of standards, and coordination with interested parties based on FAA design or construction procedures
 - 4. Compliance with NEPA through NEPA-like State environmental laws or the U.S. Council on Environmental Quality regulation
- b. Project Activities
 - 1. Compliance with procurement requirements
 - 2. Satisfactory land acquisition and relocation process
 - 3. Enforcement of labor, civil rights, and related assurances
 - 4. Project monitoring and safety during construction
 - 5. Audit
- c. Post-project Compliance with Legislated Requirements
- d. State/Local/FAA Relationship
 - 1. Comments from sponsors or others
 - 2. State block grant administrative costs
 - 3. State/local/FAA coordination at each stage of airport projects

APPENDIX E. FINAL ILLINOIS REPORT

FAA STATE BLOCK GRANT PILOT PROGRAM

FINAL STATE REPORT

STATE OF ILLINOIS

Illinois was selected as one of three states to participate in the FAA's Pilot Program of "State Block Grants" under the 1987 AIP legislation. This program was initiated to determine the capabilities of selected states to assume the responsibility for the administration and investment of the aviation trust fund for all classes of facilities, less primary airports. Illinois welcomed the opportunity and challenge to undertake this program.

We are completing the second full year of this pilot program and feel it has been a very successful, while providing unique opportunities and challenges. Some of the more identifiable aspects are:

- o Control of the annual program allowing for the preplanning of projects and studies.(ie. EA, ALP, Permits, Land, Design, etc.)
- o Flexibility to set all project time frames for plans, specifications, award and construction on an annual basis.
- o Advertisement and award of contracts significantly earlier in the construction cycle (November - February) which results in more favorable bids, ultimately allowing the funding of additional projects.
- o Maximization of the construction season.
- o Ability and freedom to proceed with eminent domain actions for land acquisition knowing that funding is available when a verdict is rendered.
- o Increased emphasis on timely project closure which enables recouped monies to become available for reinvestment within the program.

The following paragraphs discuss the thirteen points that were asked to be covered in our analysis of the program.

1. Illinois is one of a few states that have a Channeling Act which requires that all federal funds allocated to local units of government be passed through and appropriated from the state treasury. For the past twelve years, we have not only prepared an annual, but a five year development program for airports that is

based on anticipated federal and state funding levels as well as a balanced and prioritized capital improvement program utilizing the federal priority system.

Our coordination process consists of holding annual 'sponsor' meetings in the fall where every public airport, as well as essential private airports can express their needs and desires. During these meetings, the sponsors present their desires for the next five years on sheets known as Transportation Improvement Program (TIP) sheets. It also provides the opportunity to discuss compliance, certification, and the federal and state priority systems for projects as well as providing a "one-on-one" contact with the airport owners, management, and consultants. Additionally, there are representatives from FAA's ADO office, our Bureau of Aviation Safety and Education, and other interested parties. Upon completion of the meeting, airport sponsors are given a general indication of their project's priority and when it may be anticipated based upon our best estimate. Sometime in April or May of the following year, the annual program is announced.

Shortly after the announcement, a 'Letter of Agreement' (LOA) is sent to the airport sponsor's which offers them a commitment to proceed with the project and sets forth a time schedule that they must meet for submittal of an application, design plans and award of the project. If a sponsor must defer a project for any reason, the next priority project is brought forward from the program listing. It may or may not be from the same airport. There have been no changes or problems experienced as a result of the pilot program.

In order to assist the airports in the preparation of the PreApplication for project funding, we have compiled a short instruction booklet for their use. A copy is in the enclosure package.

2. Our standard Grant Agreement was modeled after the Division's Agency and Participation Agreement that has been in use for several years. This 'Participation Agreement' is used for each and every subgrant issued under the block grant program. Part of the agreement are the assurances for the grant. A copy of both are included in the attachments. There have been few problems with this arrangement. The sponsors are accustomed to this arrangement and find that it spells out the duties, relationships, and financial responsibilities of each participant.

3. All of the Block Grant projects must conform to a current FAA approved Airport Layout Plan (ALP), and to the FAA design standards as contained in 1) AIRPORT DESIGN AC 150/5300-13 of September 29, 1989 and 2) RUNWAY LENGTH REQUIREMENTS FOR AIRPORT DESIGN AC 150/5325-4A of January 29, 1990. In addition, all construction work must conform to the "Illinois Standard Specifications for Construction of Airports" dated January 1985 which has been approved by the FAA. Part of the uniqueness of the standard specifications is the blending of standard highway materials to arrive at and meet

FAA specifications. This has proved to be useful not only to contractors for bidding, but to the material suppliers and has been reflected in competitive bid proposals.

No major problems have been encountered by the consultants in the implementation of the revised design standards. All of the consultants have the new AC's plus their computer versions.

4. Under the Block Grant program, the state is responsible for all reviews and approvals of the requisite environmental studies associated with projects. Although Illinois is not a "NEPA" state, we process all environmental actions in accordance with the guidelines of the federal Council on Environmental Quality and prepare documents to meet their standards. This has been done to ensure reimbursement at later dates and/or to lessen any chance of litigation. Under the Block Grant, we have continued to have the FAA ADO review our documents. All of the technical reviews of environmental assessments are done by the Division as are the Findings of No Significant Impact (FONSI). These are reviewed and the findings are forwarded to FAA for coordination, review and concurrence.

5. There are many means by which the Division coordinates with the sponsor, their consultants, FAA, and other interested parties relative to projects and programs at the various airports during the year. Among these actions are:

- o Annual Transportation Improvement Program (TIP's) meetings on five year program with sponsors and FAA
- o Publication of statewide airport directory listing addresses and phone numbers of airport managers, board members, attorneys, and engineers.
- o Member of Illinois Public Airport Association and assist and co-sponsor the two semi-annual meetings of the organization which is composed of nearly all of the public airports within the state.
- o Daily contact with airport sponsors, managers, and/or consultants on a multitude of areas of concern relative to past, present and future projects at the airports. The Division is used as a reference and focal point to which individuals turn when any type of problem or concern arises relative to any facet of the federal AIP program.
- o The Division has published and provides to every airport sponsor a booklet entitled "Consultant Selection Handbook". This booklet tells the sponsors the process which they must follow in selection of a consultant for any project. The maximum time period of selection is three to five years.

- o The Division has written and published a materials inspection and certification handbook which has been approved by the ADO. Seminars have been held and are required for all consultants and their resident engineers to become familiar with the book and any new requirements by FAA or the State.
 - o The Division certifies the engineering design and project completeness of all construction plans and specifications. Pre-design conferences are held for each project prior to the start of any work at which time a booklet entitled 'Standards for Plan Development' is provided to the consultant. This booklet has been approved by the ADO and sets the standards for all plan drawings, special provisions, engineering report and agreement for engineering services. Progress reviews are coordinated with the consultant and the sponsor at both the 25% and 95% levels. In addition, a detailed check list is reviewed relative to the project with a copy provided to the airport and the consultant.
 - o The Division has undertaken the entire airspace coordination process for projects under the Block Grant program with oversight assistance provided by the ADO.
 - o The Division, in cooperation with airport sponsor, prepares individual DBE plans for each airport. The process and goals are discussed annually with FAA civil rights office and the results transmitted to them for approval.
 - o The Division is required by statute to inspect all airports and heliports certified and licensed by the State on an annual basis. Information from our 5010 and PCI programs, impromptu inspections, and pilot and staff reports alert us to any compliance concerns. When noted, the owner is notified and given a time for corrective action.
 - o The State is in the process of initiating a program of allowing both Federal and State representatives to announce project awards within their respective districts.
 - o It is planned to conduct a series of seminars for airport sponsors on a variety of topics. Among these will be ones on understanding of grant assurances, responsibilities and duties of airport board members, and time sequencing of studies, permits, design, and etc. leading to a project award.
6. The State complies with all known federal and state procure-

ment requirements. All projects are bid and awarded by and through the State. Only those prime (including DBE) contractors who are prequalified with the State are allowed to request and submit bids for projects. In the case of studies, only those consultants who are prequalified can undertake the proposed studies (master plan, environmental, ALP, drainage, etc). Appraisers and relocation specialists must be prequalified with the State also. The Participation Agreement also specifies the procurement requirements in text and in certain of the assurances.

7. The Chicago ADO has long ago accepted the land acquisition program administered by the Division of Aeronautics. We have not done anything different under the Block Grant program than in the past relative to the appraisal process and relocation program. We have, however, not made any grant awards for land acquisition until the property has been acquired either by negotiation or court award. However, we have issued some grants based upon a contract to purchase.

Land acquisition continues to be one of the major stumbling blocks to airport development within the state. Neither the Division nor the individual airports have general quick-take powers. Most acquisitions are through Eminent Domain proceedings which are long and drawn-out in many parts of the state (especially the major metropolitan areas). As a result, the local airport sponsor could be required to provide a large sum of money at a judgement date without benefit of any available federal and/or state money. Consequently, many land acquisition cases require several years prior to resolution.

8. Illinois requires that the individual airports assign the project management tasks to the Division of Aeronautics. After the receipt of bids, a preconstruction conference is held at the airport, with the FAA, the consulting engineer, the prime/sub-contractors, and the manager. All aspects of the contract, safety plan, engineering reports, payment requests, change orders, and other items are reviewed and procedures for their compliance are discussed. Mix designs are reviewed, corrected, and certified to by the Division. Quality control of mix designs are also administered by the Division.

Relative to safety, a specific plan is included in the construction plan package to identify communication requirements; contractor staging areas; haul roads; restricted areas; general airport operations areas; runway, taxiway, personnel and vehicle markings; instrument landing system (ILS); localizer critical areas; and etc. It is designed to maximize the margin of safety between construction activities and aircraft operations. The plan is thoroughly reviewed and approved by FAA.

On construction projects, daily monitoring is accomplished by the resident engineer (engineering consultant) who is responsible to the State and a daily record is kept. In addition, weekly

construction progress and inspection reports are required. Division personnel conduct periodic on-site inspections during construction to ensure compliance with terms and conditions of the contract and grant are met, safety requirements are being followed, and to evaluate the adequacy of the record keeping, inspection and other aspects are in accord with the State regulations.

Construction administration is handled by the construction section in coordination with the contracts section of our Bureau of Administrative Services who process contractor and engineer payment vouchers. After final inspection of the project with the sponsor, the consulting engineer, and a representative of the contractor to determine project conformance with the plans and specifications and that all punch list items are corrected, final payment is authorized.

9. During the State Block Pilot Program the Division handled one discrimination complaint from Aerial Enterprises against the City of Peru.

As of this date, the issue has not been completely settled, however, the Division determined as a result of a meeting held with all affected parties that there was no patent evidence of discrimination by the City of Peru. The basic problem stemmed from the lack of adequate communication on behalf of both parties.

It was our opinion that there was no apparent discrimination against Aerial Enterprises by the City, but a series of miscommunications which led to the impasse. The net result was that an operating agreement was not offered by the City due to an ordinance which prevents the City from executing such agreements when there is an outstanding debt. The debt was incurred because the City was sending out billings to Aerial Enterprises for the use of the airport, but Aerial has refused to pay them for lack of an agreement.

As a part of the Block Grant program, the Division set an overall DBE goal of 10% for FY 90 and 11% for FY 91. Our accomplishment for FY 90 was 17.58% and 14.93% for FY 91. This is for all categories of airports including primary except for O'Hare, Midway and Meigs and excluding professional services. In June 1990, the Division changed the standard consultants' agreement to require a minimum of 10% DBE on all professional services contracts.

The overall percentage fell approximately 3% in FY 91 and this primarily reflects the influence of the new requirements. WBE contracts lead DBE for both fiscal years with black DBE's and caucasian WBE's leading the ethnic breakdowns. Hispanic Americans were third in both categories.

Our procedures during block grant were mirror images of those used prior to block grant and for those used primary airports. The Division sets the overall goals; however, IDOT's Office of Small

Business maintains the DBE directory and performs the certification process and field checks. Waivers are issued by the Division; however, only 2± per year are even required and usually for less than 3-4% on an individual project.

No problems with civil rights and labor issues have surfaced during the Block Grant Program.

During the course of the Block Grant program, the Division has performed onsite compliance inspections at 34 airports. They were done as a part of the Division's annual programs as well as in conjunction with 5010 and PCI programs.

After each visit, the airports received a letter explaining their weaknesses which usually involved the runway approach areas. Most of the time it was maintenance-related items for which we gave them 30-90 days to correct the problem.

Only one airport in 72 has been threatened with a potential non-compliance procedure. However, the threat was used to get their attention on a problem which has been present for 4-5 years.

10. The management of federal funds is handled in the same manner as those of the AIP projects. All payments of the federal share of eligible costs utilize the Automated Clearing House (ACH) system of direct requests to receive federal Letter of Credit funds.

Invoices are reviewed and approved on an individual basis by the planning, design, construction and/or land rights sections. The charges for EA's, Part 150's, ALP's, Master Plans, and Drainage Plans are approved by the planning section. Design charges are approved by the design section and Exhibit 'A' preparations are approved by the land rights section. All charges are approved based upon limits established in approved Engineering Agreements for the work items.

Construction payments are made based upon weekly field construction reports submitted by the consultant's resident engineer. These reports provide weekly updates of construction accomplished by the prime contractor. These reports are reviewed, taking into account awarded and/or approved changes or added quantities, and the newly accomplished work quantities are entered into our preprogrammed computerized payment system. The final payment is made to the prime contractor after the final inspection, and all required affidavits, releases and payroll records have been submitted.

Reimbursements to sponsors for acquired parcels of land and eligible support costs are paid only after all title documentation is approved by this office. Advance payments may be made in the case of an approvable contract to purchase or in the case of a court directed payment in connection with condemnation proceedings. Any interest accrued by the sponsor from these advance funds is required to be returned by the sponsor to the U.S. Treasury.

Reimbursements and/or credits of the sponsor's share of project costs are made after approved contracts/agreements are on file and when proof of payment has been provided this office.

Project records and operating systems that support the management of the State Block Grant funds are the same that support the AIP projects and the State's State/Local projects. The electronic records are interlocked with the construction payment and change order portion of the system with this information being continually updated into the individual project records. Each record contains an itemized breakdown of each portion of that project as well as detail data on each individual payment.

The Illinois Division of Aeronautics system of records and procedures have been approved by the FAA as meeting the requirements of the Single Audit Act of 1984. A copy of each sponsor's annual audit report is required to be submitted to the Department of Transportation's Audit Section for review to insure its compliance with Single Audit Act and OMB Circular A-128.

A "Financial Closure Check List" is followed for each individual project to insure that all possible facets are considered and reviewed for completeness and accuracy. An affidavit is required from each participant who has received project funds to attest that it has been paid or reimbursed in full. All "cost plus fixed fee" engineering charges are recalculated, as required, with approved overhead/burden rates being utilized. Over-or-under payment situations are reviewed for accuracy. When all final costs are determined and approved, the final Letter of Credit drawdown of federal funds will be made, or a rebate will be made if the case warrants. This closure system is the same as used for all AIP projects with the ADO.

11. Feedback from airport sponsors and consultants on the State Block Grant Program has been extremely positive in all respects. This was borne out during the FAA review team visit to several of the airports. Sponsors like the knowledge of a project guarantee so that those with little working cash can tell a consultant to work on the engineering for the project as soon as they sign the LOA. The early award of projects and grants is another facet appreciated not only by the sponsors, but by the State as well. Not only do we all benefit from favorable bids, but the projects can begin early in the construction season. This is borne out from the graph in the attachment showing distribution of grant awards under State Block Grant and the regular AIP programs.

In addition, the airports have not had to resort to any consideration of utilizing political influence to obtain a project. The State has also not experienced any type of inquiries or pressure on the part of any airport project. The close working relationship between the State staff and the local sponsors has allowed for a understanding of the overall program needs, capabilities and how each fits into the five year program in relation to other airports

in the system.

12. The State did not experience any additional costs to initiate the program. All of the required work phases of the program were already being accomplished and in place. From our experience, the administrative overhead costs of the program have been running about two percent (2%) for the block grant amount.

13. The State of Illinois and the Division of Aeronautics are very pleased with the State Block Grant Program. It has allowed us to make effective and efficient use of the reinvestment of federal AIP funds. Not only was the program a benefit to the state, it also was beneficial to the Chicago FAA ADO. The Illinois Division of Aeronautics and the Chicago ADO have always worked very closely. The Pilot Program just accentuated how effectively the two agencies can complement each other in working together. We would definitely like to see the program continued into the future. In discussions with the federal review team, it was noted that the current recommendation is to allow all states the opportunity to have block grants. However, the thought is to restrict the grants to general aviation (GA) apportionment. This would be a giant step backwards for Illinois and other states who have similar organizations and capabilities.

We believe that it is the states' who can most effectively manage their own airport system, through knowledge of state economic development, individual airport needs, and capabilities of both state and local governing bodies to support the program.

EVERY STATE SHOULD PARTICIPATE

Every state should have the opportunity to participate in the Block Grant concept. Realizing that some states have very limited capability, an incentive program should be developed that would allow them, as a minimum, to administer the State Apportionment Funds. This could be encouraged by allowing the state a 2% Administrative cost. Based on our experience, the FAA would reap a return greater than 2% on this investment. The plus factors as discussed in the Final State Report would more than offset any cost incurred.

GRADUATED STATE PARTICIPATION

If the State has sufficient staff, an additional incentive would be to offer the Reliever and Commercial Service categories. Once again the state could receive 2% of the Grant amount for administration of the program. FAA guidelines could be established around staffing levels that would be recommended for the varying grant amounts over the United States. The application process would allow for a written proposal on how the state was planning to administer the grant. States, who in the judgement of regional and local district offices of the FAA, have the staff, capabilities and mechanisms as currently in place under the pilot program should

have the opportunity to undertake the block grant program.

CONSOLIDATED IMPROVEMENT PROGRAM/MULTI-YEAR PROGRAM

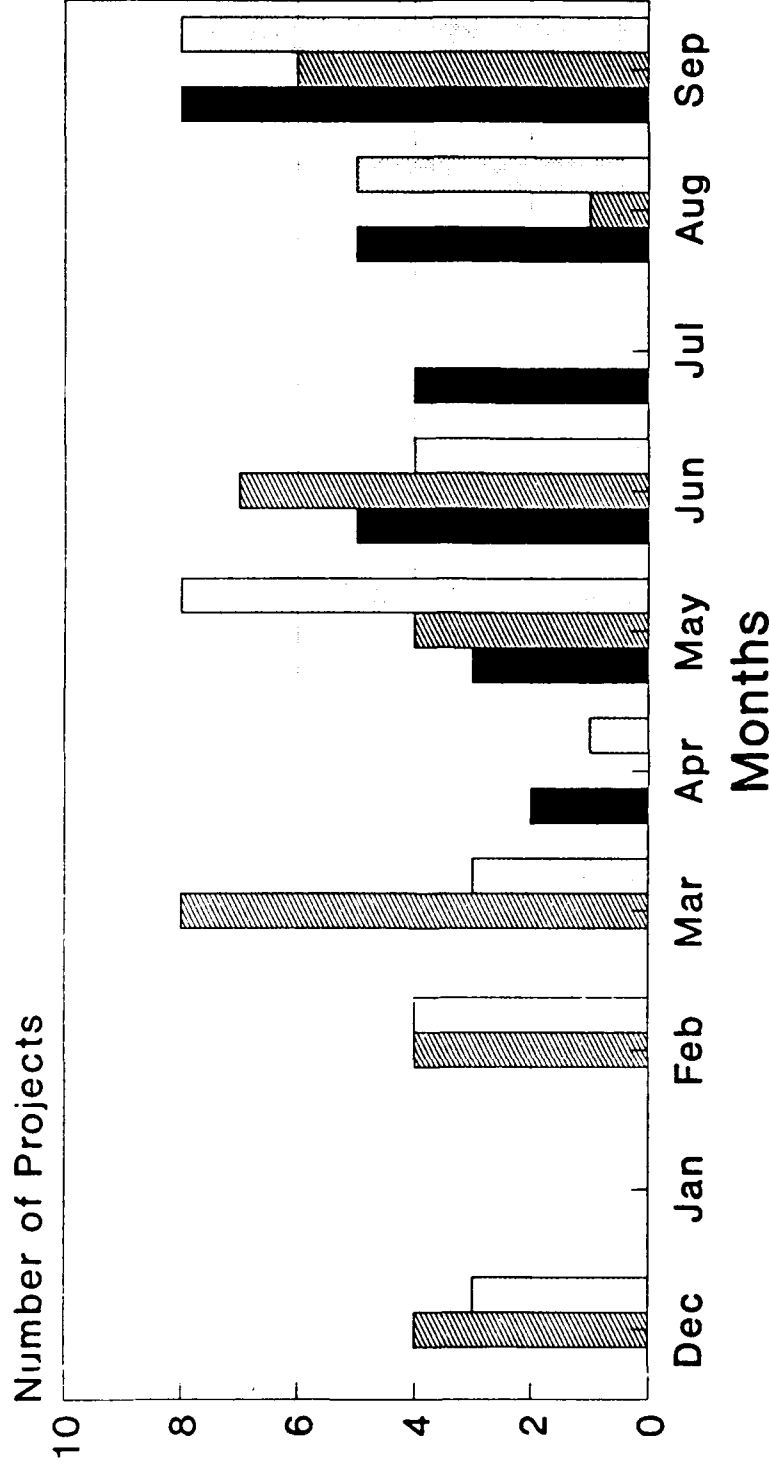
Any state administering a block grant should, as a minimum, have a State Airport System Plan. The plan would be supported by the individual Airport Layout Plans. This requirement would insure a longer term planning process. States that desire to administer the Reliever and Commercial Service funds must have a published Multi-year program covering at least 5 years of development at qualified airports.

BLOCK GRANT AMENDMENTS

The State Block Program should also allow the states to compete for discretionary dollars just like any other airport. Many states will be operating on a very minimal amount of funds especially if they only administer the state apportionment funds. This could be insufficient to develop the states general Aviation system. If all of the projects are put under contract by a state, they should be able to compete for this money. Projects that are ready to go and can be awarded based on bids or a land contract to purchase could compete favorable with projects at the close of a fiscal year. This year alone the State of Illinois could have expended an additional \$3 million. This illustrates the effectiveness of the program within our state.

STATE OF ILLINOIS

BLOCK GRANT vs AIP



GRANT TIMING UNDER STATE BLOCK PROGRAM

FY90 CLOSEOUT SUMMARY

AIRPORT:	DESCRIPTION	APP. DATE	TOTAL DOLLAR APP. AMOUNT	STATE PROJECT NO.	FEDERAL PROJECT NO.	BID LET DATE	FEDERAL	STATE	LOCAL	TOTAL FUNDED \$ AMOUNT
COMMERCIAL SERVICE										
CARBONDALE	ROAD RELOCATION, FENCING CLEARING & FILLING NORTHWEST DITCH, SEEDING, MULCHING & ENGINEERING	9/01/89 1/16/90	\$525,000 \$800,000	90A-38-1509 90A-41-1529	3-17-0009-B1 3-17-0009-B2	6/90 8/90	\$373,500 522,000	\$20,750 29,000	\$20,750 29,000	\$415,000 \$580,000
MATTOON (COLES COUNTY)	CONSTRUCT TWY L FROM TWY D WITH ASSOCIATED GRADING, SEEPING, DRAINAGE, MARKING & ELECTRICAL INSTALLATION	9/29/89	\$537,997	90A-32-1507	3-17-0066-B1	12/89	405,000	22,500	22,500	\$450,000
STERLING-ROCK FALLS (WHITESIDE CNTY)	CONSTRUCT, LIGHT & MARK A PARTIAL TWY S.E. END OF N.E./ S.W. RWY; INSTALL TERMINAL AREA, SECURITY FENCING RELOCATION OF HANGAR & BEACON MODIFY VAULT/AIRFIELD LIGHTING	1/05/90 1/05/90 1/05/90	\$490,945 \$31,975 \$174,080	0A-25-1519 0A-25-1519 0A-25-1519	3-17-0098-B1 3-17-0098-B1 3-17-0098-B1	3/90 6/90	341,220 140,082	18,957 7,782	18,958 7,781	\$379,135 \$155,645
RELIEVER AIRPORTS										
AURORA	CONSTRUCT, LIGHT & MARK 400' EAST EXTENSIONS TO RWY 9/27 & ITS PARALLEL TWY ACQUIRE LAND FOR CLEARZONE PROTECTION WEST END OF RWY 9/27 REIMBURSEMENT FOR ENVIRONMENT ASSESSMENT	7/17/89 7/17/89 7/17/89	\$582,000 \$113,000 \$74,000	90A-28-1506 90A-27-1505 90A-30-1531	3-17-0003-B2 3-17-0003-B1 3-17-0003-B3	2/90 5/90	553,500 61,577	30,750 3,421	30,750 3,421	\$615,000 \$68,419
	CONSTRUCT, LIGHT & MARK 1001' X 100' EXTENSION RWY 9/27 WITH EXIT TWY, BYPASS TWY & 1001' X 50' EXTENSION TO PARALLEL TWY TO RWY 9/27 CONSTR S. GA APRON (13600SY) INCL DRAINAGE & GRADING (Ph1)	2/13/90 2/17/90	\$2,780,000 \$1,763,000	90A-30-1531 90A-31-1538	3-17-0003-B3 3-17-0003-B4	5/90 6/90	2,183,103 1,599,300	120,782 88,850	151,096 88,850	\$2,454,981 \$1,777,000

FY90 CLOSEOUT SUMMARY

AIRPORT:	DESCRIPTION	APP. DATE	TOTAL DOLLAR APP. AMOUNT	STATE PROJECT NO.	FEDERAL PROJECT NO.	BID LET DATE	FEDERAL	STATE	LOCAL	TOTAL FUNDED \$ AMOUNT
BETHALTO (ST. LOUIS REGIONAL)	RWY OVERLAY 17/35 6,500' X 100'	12/27/87	\$890,000	90A-44-1510	3-17-0002-B1	2/90	792,000	44,000	44,000	\$880,000
	TAXIWAYS B & B1									
	ALP UPDATE & DIGITIZED MAPPING	12/27/87	\$82,000	AIP-06						
CAHOKIA - (ST. LOUIS DOWNTOWN PARKS)	PART 150 LAND ACQ	6/06/90	\$700,000	90A-45-1559	3-17-0002-B2	9/90	324,900	18,050	18,050	\$361,000
	OVERLAY, MARK & LIGHT									
	RWY 12R-30L	12/19/89	\$1,948,949	90A-26-1511	3-17-0039-B1	3/90	1,512,000	84,000	84,000	\$1,680,000
LANSING MUNICIPAL	CONSTRUCT, LIGHT & MARK NORTH	1/05/90	\$714,000	90A-11-1523	3-17-0121-B2	3/90	514,800	28,259	28,259	\$571,318
	TERMINAL APRON (Ph 2)									
	EAST CLEAR ZONE(PARCEL C & K) & EXHIBIT A	2/22/90	\$355,000	90A-09-1520	3-17-0121-B1	9/90	347,400	19,300	19,300	\$386,000
ROMEDEVILLE (LEWIS UNIVERSITY)	LAND ACQUISITION - EXT OF RWY 9/27	4/05/90								
	TRACT 5.....		\$123,730	90A-4-1502	3-17-0140-B1	8/90	106,349	5,908	5,908	\$118,165
	TRACT 6		\$60,490	90A-5-1503	3-17-0140-B2	9/90	53,100	2,950	2,950	\$59,000
	TRACT 7.....		\$30,245	90A-4-1502	3-17-0140-B1	8/90	38,154	2,120	2,120	\$42,394
	TRACT 8.....		\$145,727	90A-4-1502	3-17-0140-B1	8/90	120,485	6,694	6,694	\$133,873
	TRACT 9.....		\$123,730	90A-4-1502	3-17-0140-B1	8/90	97,712	5,428	5,428	\$108,569
	TRACT 16		\$4,311							
	TRACT 17		\$44,807							
	TRACT 13-3		\$100,469							
	TRACT 13-5		\$100,469							
	TRACT 13-7		\$2,695							
	TRACT 13-9		\$4,620							
	TRACT 13-10		\$308							
	TRACT 13-11		\$154							
	TRACT 18-1		\$17,047							
	TRACT 18-2		\$615							
	TRACT 19-1		\$125,710							
	TRACT 19-2		\$6,599							
	EXHIBIT 'A'.....		\$2,000	90A-4-1502	3-17-0140-B1	8/90	1,800	100	100	\$2,000
	LAND ACQUISITION(TRACT 4-2)	4/05/90	\$558,000	90A-5-1503	3-17-0140-B2	9/90	931,928	51,774	51,774	\$1,035,476
	TRACT 10		\$452,424	90A-5-1503	3-17-0140-B2	9/90				
	TRACT 11		\$860,000	90A-5-1503	3-17-0140-B2	9/90	961,672	53,426	53,426	\$1,068,524

FY90 CLOSEOUT SUMMARY

AIRPORT:	DESCRIPTION	APP. DATE	TOTAL DOLLAR APP. AMOUNT	STATE PROJECT NO.	FEDERAL PROJECT NO.	BID LET DATE	FEDERAL	STATE	LOCAL	TOTAL FUNDED \$ AMOUNT
WAUKEGAN REGIONAL	CONSTRUCT AN 8" P.C. CONCRETE APRON EXPANSION WITH TXYWY AT TRANS AIR NORTH RAMP	9/26/88	\$1,295,908	90A-32-1504	3-17-0105-B1	12/89	945,000	52,500	52,500	\$1,050,000
	REPLACE MRL SYS ON 14/32; INSTALL RWY/RWY SIGN; RELOCATE BEACON CONTROL	5/29/90	\$130,000	90A-33-1536	3-17-0105-B2	6/90	92,520	5,140	5,140	\$102,800
WHEELING-PROSPECT H (PAL-WAUKEE)	LAND ACQUISITION	5/04/90	\$3,102,000							
	EA-WOLF/HINTZ RDS, DRIVE-IN OBSTR REMOVAL/DEMO	5/04/90	\$98,000	90A-10-1525	3-17-0018-B1		87,336	4,852	4,852	\$97,040
	DEMO T-HANGARS(A,C,E,G, &I)	5/04/90	\$240,000	90A-12-1537	3-17-0018-B2	6/90	345,627	19,201	19,202	\$384,030
	WEST SIDE BYPASS TWY	5/04/90	\$85,000	90A-12-1537	3-17-0018-B2	6/90	57,811	3,212	3,212	\$64,235
	SECURITY FENCING	5/04/90	\$422,000	90A-13-1539	3-17-0018-B3	8/90	293,400	16,300	16,300	\$326,000
	EAST QUAD APRON & TWY	5/04/90	\$90,000	90A-12-1537	3-17-0018-B2	6/90	62,762	3,487	3,486	\$69,735
	EAST QUAD ENT RD & PK LOT	5/04/90	\$1,009,000							
	BE CON & SUPP WIND CONES	5/04/90	\$120,000							
	PART PARALLEL & BYPASS TWYS	5/04/90	\$48,000							
		5/04/90	\$864,000							
GENERAL AVIATION										
	EXT OF RWY 4/22 & PART. TWY	9/27/89	\$511,940	90A-10-1522	3-17-0014-B1	2/90	630,000	35,000	35,000	\$700,000
	RELOCATE AP ENT RD		\$131,310	90A-10-1522	3-17-0014-B1					
	LAND ACQUISITION		\$95,590	90A-10-1522	3-17-0014-B1					
DEKALB	REIMB EA & ALP		\$27,160	90A-10-1522	3-17-0014-B1					
	LAND ACQ (TRACTS 11,12,13)	3/30/90	\$651,900	90A-15-1501	3-17-0139-B1	6/90	756,000	42,000	42,000	\$840,000
	LAND ACQ (TRACT 4)		\$109,750	90A-15-1501	3-17-0139-B1					
	REIMB EXHIBIT A FENCING		\$10,000	90A-15-1501	3-17-0139-B1					
EFFINGHAM****	OVERLAY E-W TWY, CONNECTING TWY TO APRON & GENERAL AVIATION APRON	9/25/89	\$36,525							
			\$375,000	90A-17-1513	3-17-0040-B1	3/90	296,839	16,491	16,491	\$329,821
FREEPORT (ALBERTUS)	CONSTRUCT, LIGHT & MARK A	1/15/90	\$684,000	90A-22-1535	3-17-0045-B1	6/90	452,286	25,127	25,127	\$502,540
	PARALLEL TWY TO RWY 6/24 GRADING & DRAINAGE - DEMOLISH EXISTING T-HANGAR									

FY90 CLOSEOUT SUMMARY

AIRPORT:	DESCRIPTION	APP. DATE	TOTAL DOLLAR APP. AMOUNT	STATE PROJECT NO.	FEDERAL PROJECT NO.	BID LET DATE	FEDERAL	STATE	LOCAL	TOTAL FUNDED \$ AMOUNT
JACKSONVILLE	EXTEND, LIGHT, MK PARALLEL TWY TO RWY 13/31	3/16/90	\$397,000	90A-24-1534	3-17-0054-B1	6/90	313,665	17,426	17,426	\$348,517
KANKAKEE....	OVERLAY & MARK CONN TWY TO RWY 13/31 ON S SIDE	3/16/90	\$92,000	90A-24-1534	3-17-0054-B1	6/90	91,335	5,074	5,074	\$101,483
KEWANEE.....	INSTALL RWY 16/34 MRL SYSTEM	2/05/90	\$65,000	90A-23-1527	3-17-0057-B1	3/90	44,095	2,450	2,450	\$48,995
LAWRENCEVILLE....	OVERLAY ON E-W RWY	10/02/89	\$467,000	90A-11-1517	3-17-0058-B1	3/90	402,178	22,343	22,343	\$446,864
	OVERLAY TO PORTION OF CONC PARKING APRON	10/09/89	\$338,000	90A-11-1514	3-17-0061-B1	3/90	267,938	14,885	14,886	\$297,709
LITCHFIELD	LAND ACQUISITION (TRACTS 11-13)	3/06/90	\$168,800	90A-14-1524	3-17-0063-B1	9/90	180,000	10,000	10,000	\$200,000
MACOMB	OVERLAY & MRK RWY & TWY, UNDERDRAIN, 1 HOLD SIGN, LAND REIMB (PARCEL 1D)	3/19/90	\$616,000	90A-15-1528	3-17-0064-B1	5/90	513,122	28,507	28,507	\$570,136
MONMOUTH.....	RWY OVERLAY, LIGHTING, & RELATED IMPROVEMENTS	2/02/89	\$461,650	90A-04-1518	3-17-0069-B1	3/90	306,430	17,024	17,024	\$340,478
MORRIS	ALP UPDATE	3/13/90	\$35,900	90A-04-1518	3-17-0069-B1	3/90	32,310	1,795	1,795	\$35,900
	LAND ACQUISITION - PARCELS A,B, C, & D		\$1,110,000	90A-3-1533	3-17-0141-B1	9/90	786,150	43,675	43,675	\$873,500
	ALP & REPORT		\$25,000	90A-3-1533	3-17-0141-B1	9/90	22,500	1,250	1,250	\$25,000
	ENVIRONMENTAL ASSESSMENT; EXHIBIT "A" - PROPERTY LINE MAP		\$30,000	90A-3-1533	3-17-0141-B1	9/90	27,000	1,500	1,500	\$30,000
OLNEY - NOBLE	APPLY 2" BITUMINOUS LEVELING	10/03/89	\$7,000	90A-3-1533	3-17-0141-B1	9/90	23,400	1,300	1,300	\$26,000
PARIS.....	CONSTRUCT PARTIAL PARALLEL TWY TO RWY 9/27	1/15/90	\$356,004	90A-12-1516	3-17-0076-B1	12/90	284,055	15,781	15,781	\$315,616
(EDGAR COUNTY)			\$505,800	90A-6-1512	3-17-0077-B1	5/90	439,353	24,409	26,008	\$489,770
PEKIN	RECONSTRUCT, OVERLAY & MARK PARALLEL TWY & CONNECTING TWYS, DRAINAGE & HOLD LINE SIGNS	3/20/90	\$501,500	90A-15-1530	3-17-0078-B1	5/90	450,000	25,000	25,000	\$500,000
	RECALC EXISTING TWY LIGHTING	3/20/90	\$90,500	90A-15-1530	3-17-0078-B1	5/90	72,000	4,000	4,000	\$80,000
PERU (ILL VALLEY)	INSTALL P.A.P.I. RWY 27		\$240,000	90A-09-1558	3-17-0060-B2	9/90	162,450	9,025	9,025	\$180,500
	ACG 39 AC FOR EXT OF RWY 18/36 TO SOUTH; REIMB 3.28 AC									

FY90 CLOSEOUT SUMMARY

AIRPORT:	DESCRIPTION	APP. DATE	TOTAL DOLLAR APP. AMOUNT	STATE PROJECT NO.	FEDERAL PROJECT NO.	BID LET DATE	FEDERAL	STATE	LOCAL	TOTAL FUNDED \$ AMOUNT
PINKNEYVILLE.....	CONSTRUCT, MARK & LIGHT EXTENSION TO RWY 18/36 WIDENING TO RWY 18/36 & RELATED IMPROVEMENTS	11/13/87	\$647,200	90A-8-1515	3-17-0037-B1	12/89	542,061	30,115	30,114	\$602,290
ROBINSON	ALP & REPORT	2/15/89	\$32,080	90A-09-1555	3-17-0086-B1	9/90	28,872	1,604	1,604	\$32,080
SALEM....	OVERLAY APRON, APRON REPLACEMENT, REPAIR EDGE LIGHTS	12/29/81	\$240,000	90A-19-1521	3-17-0089-B1	2/90	190,452	10,580	10,580	\$211,612
STATEWIDE PLANNING										
E. MADISON CO	MASTER PLAN - PHASE 1	3/24/89	\$63,000	90A-03-1532	3-17-0142-B1		56,700	3,300	3,000	\$63,000
TOTAL:			\$31,952,613				\$21,237,229	\$1,179,155	\$1,210,767	\$23,627,151
GRANT TOTAL:							\$21,402,045	\$1,189,002	\$1,189,002	\$23,780,049
REMAINING FUNDS:							\$164,816	\$9,847	(\$21,765)	\$152,898

***CLOSED PROJECTS

FY 90 STATE BLOCK GRANT RECOUP EXPENDITURES

[illegible]

Recoup

04-Dec-91

FISCAL YEAR 1991 BLOCK GRANTS ISSUED

AIRPORT	DESCRIPTION	APPLICATION DATE	TOTAL DOLLAR APPLICATION AMOUNT	STATE PROJECT NO.	FEDERAL PROJECT NO.	BID LETTING DATE	FEDERAL	STATE	LOCAL	TOTAL FUNDED \$ AMOUNT
COMMERCIAL SERVICE										
Carbondale	Const, light & mark Rwy 18R/36L, incl turn- arounds, parallel Twy & relocate powerline	12/21/90	\$2,143,302	91A-42-1560	3-17-0009-B3	3/01	1,845,000	102,500	102,500	2,050,000
Danville	Airfield signage & wind cones	6/14/90	110,000	91A-31-1556	3-17-0032-B1					
Mattoon-Charleston	Overlay parallel & conn twy to rwy 24 Overlay E portion ramp & parallel twy to rwy end 6 Acq to protect Rwy end 6 clear zone(03-3A 67.5ac;03-4 11.7ac)	8/31/90 8/01/90 8/01/90	436,800 655,200 200,000	91A-33-1544 91A-33-1544 92A-34-1590	3-17-0066-B2 3-17-0066-B2 3-17-0066-B3	2/01 9/27	855,000 259,200	47,500 14,400	47,500 14,400	950,000 288,000
Running Total			3,545,302				2,959,200	164,400	164,400	3,288,000
RELIVER										
Urova	Reloc Localizer Rwy 27; MALSR Rwy 9R & Glide Slope Reloc Middle Mkr NavAids Flight Ck Prepare Exhib "A" Const, light & mark W GA apron, incl grade/drainage (Phase 2) Acq Parcels 14 Acq Parcels 15 Acq Parcel 3 Acq Parcel 4 Acq Parcel 5 Acq Parcel 6 Acq Parcel 7 Acq Parcel 8 Acq Parcel 17 Acq Parcel 19	2/14/90 2/14/90 9/12/90 9/12/90 7/17/89 7/17/89 1/09/91 1/09/91 1/09/91 1/09/91 1/09/91 1/09/91 1/09/91 1/09/91	386,000 25,904 5,000 40,000 1,184,000 10,500 91,170 206,132 40,955 103,000 8,690 69,500 69,500 136,000 166,215	A-33-1572 11-27-1505 91A-32-1543 91A-33-1572 91A-27-1505 *** *** *** *** *** *** *** ***	3-17-0003-B6 3-17-0003-B1 3-17-0003-B5 3-17-0003-B6 3-17-0003-B1 3-17-0002-B3 3-17-0002-B3 3-17-0002-L1	4/01 9/23 3/01 4/01 9/23 3/01 3/01 8/15	335,970 23,400 801,000 10,530 144,000 747,000 2,160,000 486,000	18,665 1,300 44,500 585 8,000 41,500 120,000 27,000	18,665 1,300 44,500 585 8,000 41,500 120,000 27,000	373,300 26,000 890,000 11,700 160,000 830,000 2,400,000 540,000
Bethalto	Overlay Twys A & A1-A5 Strengthen Rwy 11/29 Acq clearzone @ Rwy ends 11 & 35**Noise Proj**	1/07/91 1/07/91 3/25/91	600,000 2,000,000 1,500,000	91A-46-1561 91A-46-1561 91A-48-1570	3-17-0002-B3 3-17-0002-B3 3-17-0002-L1	3/01 3/01 8/15	747,000 2,160,000 486,000	41,500 120,000 27,000	41,500 120,000 27,000	830,000 2,400,000 540,000

FISCAL YEAR 1991 BLOCK GRANTS ISSUED

AIRPORT	DESCRIPTION	APPLICATION DATE	TOTAL DOLLAR APPLICATION AMOUNT	STATE PROJECT NO.	FEDERAL PROJECT NO.	BID LETTING DATE	FEDERAL	STATE	LOCAL	TOTAL FUNDED \$ AMOUNT
Lansing	Overlay & Mk E-W Twy, Ph 2	9/28/90	100,000	91A-13-1574	3-17-0121-B5	8/02	95,940	5,330	5,330	106,600
	Cont, light & mark N Term apron, Phase 3	9/28/90	1,365,000	91A-13-1568	3-17-0121-B3	5/03	902,700	50,150	50,150	1,003,000
	Cont, light & mark N Term apron, Phase 3A	9/28/90	1,365,000	91A-13-1568	3-17-0121-B3	5/03	119,616	6,645	6,645	132,906
	Land acq-Parcel F(26.1 ac)	9/28/90	410,750	91A-14-1569	3-17-0121-B4		738,000	41,000	41,000	820,000
	Land acq-Parcel I1(15.25 ac)	9/28/90	240,005	91A-14-1569	3-17-0121-B4					
	Land acq-Parcel M1(14.95 ac)	9/28/90	235,245	91A-14-1569	3-17-0121-B4					
Romeoville	Parcel I (47.65ac)	9/12/91	780,000	92A-18-1588	3-17-0121-B6	9/26	622,800	34,600	34,600	692,000
	Lengthen & widen Rwy 9/27, reloc threshld 725'; remove lt or mark obstruct; install MRL,REIL, PAPI;elec vault	1/10/91	2,311,885	91A-08-1542	3-17-0140-B3	2/01	1,836,000	102,000	102,000	2,040,000
	Const, lt & mark Rwy 9/27 parallel Twy, 35' wide & 12,500# S of Rwy 9/27	1/10/91		91A-08-1542	3-17-0140-B3					
	Drainage piping & pond REILS & MITL	1/10/91		91A-08-1542	3-17-0140-B3					
	Fencing	1/10/91		91A-08-1542	3-17-0140-B3					
	Drainage Study(Ph 1 & 2)	1/10/91	66,500	91A-09-1578	3-17-0140-B4	9/13	59,850	3,325	3,325	66,500
Waukegan	Complete SS system Trans	7/25/90		91A-34-1557	3-17-0105-B3	5/03	1,355,400	75,300	75,300	1,506,000
	Air N ramp location	7/25/90		91A-34-1557	3-17-0105-B3	5/03				
	Const, lt & mark Twy ext to Rwy end 32, incl conn	7/25/90	795,000	91A-34-1557	3-17-0105-B3	5/03				
	Twy to Trans Air ramp	7/25/90		91A-34-1557	3-17-0105-B3	5/03				
	Const, light & mark access twy (1100'x40') to air pk #1, 12,500# design	7/25/90		91A-34-1557	3-17-0105-B3	5/03				
	Const, lt & mark 370'x300' apron ext & conn Twy 70,000#	9/24/90	1,188,500	91A-34-1557	3-17-0105-B3	5/03				
West Chicago	LOI-land acq & const of 2 new rws, assoc twys & aprons;reloc RR, Rd, util	9/10/90	6,111,110	91A-43-1464	3-17-0017-12	10/90	5,500,000	305,555	305,555	6,111,111
	LOI-Advance			92A-44-1496	3-17-0017-13	9/91	2,000,000	111,111	111,111	2,222,222
Wheeling	Land Acq-Wolf/Hintz(Ph 1A)	2/15/91	1,207,000							
	Land Acq-Wolf/Hintz(Ph 2)	2/15/91	8,520,425							
	Parcels 49-50	2/15/91	372,575	****						
	Phase 1 Design Wolf/Hintz	2/15/91	44,000	91A-15-1571	3-17-0018-B4	11/13	99,000			0
SubTotal	Emerg elec vault, 20kw regulator cable & transformer	10/02/91	110,000	91A-16-1594	3-17-0018-B5				11,000	110,000
Running Total			31,865,591				18,037,206	996,566	1,007,567	20,041,339
			35,410,893				20,996,406	1,160,966	1,171,967	23,329,339

FISCAL YEAR 1991 BLOCK GRANTS ISSUED

AIRPORT	DESCRIPTION	APPLICATION DATE	TOTAL DOLLAR APPLICATION AMOUNT	STATE PROJECT NO.	FEDERAL PROJECT NO.	BID LETTING DATE	FEDERAL	STATE	LOCAL	TOTAL FUNDED \$ AMOUNT
GENERAL AVIATION										
Carm	Replace MRL on Rwy 18/36 replace MITL, assoc vault wk	7/25/90	100,000	91A-09-1545	3-17-0109-B1	12/07	66,600	3,700	3,700	74,000
Casey	Resurface exist apron & twy drainage analysis & impvts Widen, resurface & light (MRL) rwy 4/22 (75'x4000')	9/18/90	100,018	91A-11-1562	3-17-0014-B2	5/03	720,000	40,000	40,000	800,000
	Install MITL on twys	9/18/90	664,984	91A-11-1562	3-17-0014-B2	5/03				
	Const lighted access twy (1180'x35') E term apron to rwy end 27 (12,500#)	7/23/90	37,000	91A-11-1562	3-17-0014-B2	5/03				
	Expand & light apron (555'x 135') E term apron to rwy 27 end (12,500#)	7/23/90	899,000	91A-18-1564	3-17-0139-B3	6/21	454,140	25,230	25,230	504,600
	Perimeter fencing	7/23/90								
	Reimb Parcel #8 & #9		37,000	91A-18-1564	3-17-0139-B3					
	Reimb Parcel #3	8/26/91	1,356,000	91A-19-1586	3-17-0139-B4	9/17	995,281	55,293	55,294	1,105,868
	Reimb Parcel #16 & 17			91A-19-1586	3-17-0139-B4	9/17	102,228	5,679	5,680	113,587
	Update Exhibit 'A'			91A-19-1586	3-17-0139-B4	9/17	24,052	1,337	1,336	26,725
Effingham	Replace MRL on rwy 1/19, replace MITL on E/W twy, install PLASI on rwy 1/19, assoc vault work	7/20/90	191,000	91A-19-1586	3-17-0139-B4	9/17	3,438	191	191	3,820
	Extend Rwy 9/27(800'x60') & light & mark(12,500#); EA reimbursement			91A-19-1546	3-17-0040-B2	2/01	148,500	8,250	8,250	165,000
Fairfield	Acq avigation easement	9/14/90	553,500	90A-13-1547	3-17-0043-B1	8/02	471,150	26,175	26,175	523,500
Jacksonville	Update ALP	9/14/90	16,500	90A-13-1547	3-17-0043-B1	8/02	14,850	825	825	16,500
Kewanee	Replace MRL on rwy 9/27 replace VASI w/ PLASI; renovate beacon	***	30,000	92A-26-1592	3-17-0054-B3	9/30	27,000	1,500	1,500	30,000
	ALP update reimbursement	7/20/90	180,000	91A-12-1554	3-17-0058-B2	2/01	98,640	5,480	5,480	109,600
Lawrenceville	Overlay ctr 100' of rwy 9/27, install rwy lts, PLASI on rwy ends 18/36, PCAL system in elec vault	7/20/90	25,000	91A-12-1554	3-17-0058-B2	2/01	22,500	1,250	1,250	25,000
		10/10/90	1,175,000	91A-12-1548	3-17-0061-B2	5/03	1,066,500	59,250	59,250	1,185,000
Litchfield	Constr partial parallel twy to rwy 9/27, incl lights & marking (2850'x35')	9/19/90	800,000	91A-15-1549	3-17-0063-B2	6/21	597,600	33,200	33,200	664,000

FISCAL YEAR 1991 BLOCK GRANTS ISSUED

	DESCRIPTION	APPLICATION DATE	TOTAL DOLLAR APPLICATION AMOUNT	STATE PROJECT NO.	FEDERAL PROJECT NO.	BID LETTING DATE	FEDERAL	STATE	LOCAL	TOTAL FUNDED \$ AMOUNT
AIRPORT Metropolis	Extend rwy 18/36 1000' S (4000') incl lights & marking (8000#) Land acq of 24.2 acres EA reimbursement ALP Update	12/27/90	500,000)))) 6,500	91A-08-1550 91A-08-1550 91A-08-1550 91A-08-1550	3-17-0067-B1	8/02	351,000))))))	19,500))))))	19,500))))))	390,000))))))
Morris	Reconst, light & mark exist 2900'x60' rwy Constr 4000' x 75' N-S Rwy Phase 1(grading/drainage) Acquire 110.55 ac land	2/02/91 5/13/91 2/02/91	150,210 1,552,330 690,763	91A-05-1573 91A-04-1541 91A-11-1551	3-17-0142-B3 3-17-0142-B2 3-17-0073-B1	8/02 6/20 12/07	818,280 712,800 160,200	45,460 39,600 8,900	45,460 39,600 8,900	909,200 792,000 178,000
Mt Carmel	Install MITL parallel twy to rwy 4/22, incl new voltage regulator & vault, install PLASI on both ends rwy 4/22 Overlay exist apron & apron expan, incl marking, tiedown & 200' connect twy	7/31/90 7/31/90	180,000 442,000	91A-11-1553	3-17-0073-B2	6/21	329,850	18,325	35,825	384,000
Paris	Replace MRL on rwy 9/27, MITL on conn twy & retrofit rotating beacon; vault work; PLASI rwy 9/27	7/15/90	150,000	91A-07-1552	3-17-0077-B2	12/07	140,400	7,800	7,800	156,000
Pekin	Strengthen old portion GA apron, Update ALP	9/19/90	310,000	91A-16-1566	3-17-0078-B2	5/03	295,290	16,405	16,405	328,100
Peoria (MT Hawley)	Exhibit A Overlay & mark Rwy 17/35 incl grading & drainage Overlay parallel twy to rwy 17/35	9/19/90 9/19/90 9/19/90	15,000 436,000 398,000	91A-12-1565 91A-12-1565 91A-12-1565	3-17-0079-B1 3-17-0079-B1 3-17-0079-B1	5/03 5/03 5/03	7,920 758,880)))	440 42,160)))	440 42,160)))	8,800 843,200)))
Peru(ill Valley)	Land reimb Parcel 17/35-5 Const 2000'X 100' ext Rwy 18/36; widen 4000' of Rwy 18/36 by 25' Land reimbursement	9/19/90 10/03/90 10/03/90	10,000 1,245,000 466,000	91A-12-1565 91A-07-1540 91A-07-1540	3-17-0079-B1 3-17-0061-B1 3-17-0061-B1	5/03 5/03 5/03	9,000 1,375,830 144,360	500 76,435 8,020	500 76,435 8,020	10,000 1,528,700 160,400
Pittsfield	Overlay & mark rwy 13/31 twy & apron; crack repair; replace elec cable; & light; twy & apron	3/04/91	466,000	91A-05-1563	3-17-0081-B1	5/03	432,000	24,000	24,000	480,000
Rochelle	Const addit ramp area(230' x80') adj N ramp Overlay, mark & light exist ramp areas & twy	7/27/90 7/27/90	300,000 148,000	91A-10-1567	3-17-0087-B1	5/03	132,558	7,364	7,364	147,286

FISCAL YEAR 1991 BLOCK GRANTS ISSUED

AIRPORT	DESCRIPTION	APPLICATION DATE	TOTAL DOLLAR APPLICATION AMOUNT	STATE PROJECT NO.	FEDERAL PROJECT NO.	BID LETTING DATE	FEDERAL	STATE	LOCAL	TOTAL FUNDED \$ AMOUNT
Round Lake Park	Drainage & Wetlands Study	9/19/91	92,400	92A-02-1587-B1	3-17-0113-B1	9/23	83,160	4,620	4,620	92,400
Taylorville	Update ALP	10/17/91	25,000	92A-19-1591	3-17-0100-B1	9/27	22,500	1,250	1,250	25,000
Subtotal:			13,282,205				10,586,507	588,139	605,640	11,780,286
Running Total:			48,693,098				31,582,913	1,749,105	1,777,607	35,109,625
Running Total:	(without DuPage LOI)						24,082,913	1,332,439	1,360,940	26,776,292
Initial Block Grant							24,000,000	1,333,333	1,333,333	26,666,666
Block Grant Amendment:							899,000	49,944	49,944	998,888
Total Grant:							24,899,000	1,383,277	1,383,277	27,665,554
Remaining Grant \$:							816,087	50,838	22,337	889,262

*** To be Awarded Yet

FISCAL YEAR 1992 STATE BLOCK GRANT PROJECTS(PROPOSED)

	PROJECT DESCRIPTION	PROJECT NUMBER	FEDERAL FUNDS	STATE BONDS	GRF	LOCAL FUNDS	TOTAL FUNDS
COMMERICAL SERVICE							
Galesburg	Overlay south portion of terminal ramp (250' x 750')	92A-28-1593	261,000	14,500		14,500	290,000
Mattoon-Charleston	Acq 15 ac in fee, for line of sight protection	1100320	244,800	13,600		13,600	272,000
SubTotal:			505,800	28,100	0	28,100	562,000
Running Total:			505,800	28,100	0	28,100	562,000
RELIVER							
Aurora	Install MIRL Rwy 18/36 incl vault equip	92A-34-1575	141,300	7850		7,850	157,000
	Install MITL on partial parallel twys to rwy 9/27 and 18/36, incl vault work	92A-34-1575	701,100	38,950		38,950	779,000
Bethalto	Acq clearzone @ Rwy ends 11 & 35**Noise Proj**	92A-49-1599	900,000	50,000		50,000	1,000,000
Cahokia	Replace/overlay 1100' of rwy 12R/30L parallel twy, overlay of new ext	92A-29-1607	399,600	22,200		22,200	444,000
	Restore crown & grade rwy 4/22	92A-29-1607	189,000	10,500		10,500	210,000
Lansing	Cont, light & mark partial parallel/conn twy(S) to Rwy 9/27 incl grading & drainage	92A-19-1589	738,000	41,000		41,000	820,000
	Land acq-Parcel J (9.4ac)	0900420	152,100	8,450		8,450	169,000
Romeoville	Rehab and extend ent rd in new S T-Hangar area	92A-10-1583	558,000	31,000		31,000	620,000
	Land acq Parcel 19-4		1,152,000	64,000		64,000	1,280,000
	Const, light & mark 12,000SY apron in S terminal area; const, light(MITL) & mark acc twy to apron,mitigate wetlands	92A-10-1583	720,000	40,000		40,000	800,000
	Install lighted wind cone, segmented circle & beacon; RCO	3400360	135,000	7,500		7,500	150,000
Waukegan	Const conn twy on rwy 5/23	6500030	135,000	7,500		7,500	150,000
	Acq standby generator for field lighting & provide new elec vault	6500610	900,000	50,000		50,000	1,000,000
West Chicago	Const, light & mark rwy 10/28 bypass twys, stub twys & fillet for twy & ALP update	1500900	438,300	24,350		24,350	487,000
	NE quad drainage impvts, Ph 2 LOI(Year #4)	92A-46-1600	2,070,000	115,000		115,000	2,300,000
			7,000,000	388,888		388,888	7,777,776

FISCAL YEAR 1992 STATE BLOCK GRANT PROJECTS(PROPOSED)

	PROJECT DESCRIPTION	PROJECT NUMBER	FEDERAL FUNDS	STATE BONDS	GRF	LOCAL FUNDS	TOTAL FUNDS
Wheeling	Beacon & wind cone	4501360	43,200	2,400		2,400	48,000
	Land Acq-Wolf/Hintz(#96-106)	4501300	3,852,000	214,000		214,000	4,280,000
	Land Acq-Wolf/Hintz(#84-95 & #106-114)	4500150	1,908,000	106,000		106,000	2,120,000
	Land Acq-Wolf/Hintz(FY91 & #49-50)		3,391,200	188,400		188,400	3,768,000
	Adv plans/design engr for Wolf/Hintz Roads	4500060	307,800	17,100		17,100	342,000
	Phase 1 Design Wolf/Hintz	91A-15-1571					0
	Land Reimb(Parcel 51,58)	4501194	345,624	19,201		19,201	384,026
SubTotal:			26,177,224	1,454,289	0	1,454,289	29,085,802
Running Total:			26,683,024	1,482,389	0	1,482,389	29,647,802
GENERAL AVIATION							
Benton	EA for E-W Rwy	92A-06-1601	27,000		1,500	1,500	30,000
	Land acquisition for rwy		****				
Cairo	Extend rwy end 14 to 4000', incl lights	0600080	225,000	12,500		12,500	250,000
Carbondale	Expand E, S, & W ramps; reconst NW & S aprons; install tiedowns	5600550	765,000	42,500		42,500	850,000
DeKalb	Land acq. Parcel #10 (16.8ac)	1400332	83,340	4,630		4,630	92,600
Dixon	REILS on rwy end 26		22,500	1,250		1,250	25,000
Effingham	Reconst rwy 11/29 panels	92A-22-1580	386,754	21,486		21,486	429,726
Flora	Land acq for 1000' rwy ext, & reimb for ALP & EA	1750180	342,000	19,000		19,000	380,000
Freeport	Localizer land acq	0050290					0
Jacksonville	Overlay twy parallel to rwy 13/31, incl conn twy	92A-25-1582	408,600	22,700		22,700	454,000
Kankakee	Apron strengthening	92A-13-1597	494,100	27,450		27,450	549,000
Kewanee	Const, light & mark partial parallel twy to rwy end 27, overlay E portion of apron and EA reimbursement	92A-13-1584	526,500	29,250		29,250	585,000
Lacon	Reconst/overlay rwy 18/36; mark, grade & seed	92A-15-1585	405,000	22,500		22,500	450,000
Lincoln	Acq avigation easements for NE/SW rwy & obst removal	3500165	31,500	1,750		1,750	35,000
Macomb	Overlay exist ramp	92A-16-1598	131,400	7,300		7,300	146,000
Morris	Pave, light & mark new 4000' x 75' rwy & conn twy	92A-06-1581	1,156,500	64,250		64,250	1,285,000
Nt Carmel	Overlay & mark rwy 4/22; drainage impvts	4100070	387,000	21,500		21,500	430,000
Nt Sterling	Const new N/S rwy, apron & conn twy; incl grading, marking, seeding & lighting	92A-04-1604	1,350,000	75,000		75,000	1,500,000
Okin	Overlay westerly portion GA apron	92A-17-1595	354,600	19,700		19,700	394,000
Orion	Overlay & mark S apron	92A-13-1606	108,000	6,000		6,000	120,000
VT Hawley)							

FISCAL YEAR 1992 STATE BLOCK GRANT PROJECTS(PROPOSED)

	PROJECT DESCRIPTION	PROJECT NUMBER	FEDERAL FUNDS	STATE BONDS	GRF	LOCAL FUNDS	TOTAL FUNDS
Pontiac	Const, light & mark new primary rwy & conn twy	92A-05-1576	1,350,000	75,000		75,000	1,500,000
Rochelle	Const addit ramp area(230' x80') adj N ramp	5400230	268,200	14,900		14,900	298,000
Salem	Storm Drainage impvts	3350160	49,950	2,775		2,775	55,500
	Install lighted wind cone	3350140	13,500	750		750	15,000
Shelbyville	Overlay & mark rwy 18/36	92A-20-1602	630,000	35,000		35,000	700,000
	Replace MIRL's on rwy 18/36	92A-20-1602	90,000	5,000		5,000	100,000
Sparta	Const ext of partial parallel twy #1 to north; land reimb (\$60,000); update Exhibit A	92A-16-1596	434,502	24,139		24,139	482,780
	Relocate elec equip & build new vault; upgrade PAPI	92A-16-1596	106,740	5,930		5,930	118,600
Taylorville	Overlay GA apron; relocate fuel island & land reimb	92A-20-1603	214,200	11,900		11,900	238,000
Subtotal:			10,361,886	574,160	1,500	575,660	11,513,206
Running Total:			37,044,910	2,056,549	1,500	2,058,049	41,161,008
DuPage LOI			7,000,000	388,888		388,888	7,777,776
Block Grant Total:			30,044,910	1,667,661	1,500	1,669,161	33,383,232

APPENDIX F. FINAL MISSOURI REPORT

FAA STATE BLOCK GRANT PILOT PROGRAM
MISSOURI HIGHWAY AND TRANSPORTATION DEPARTMENT
FINAL STATE REPORT

1. Project Justification, Eligibility, Priority Assignment, Cost Availability, and Capital Improvement Programming

The primary source for guidance in project justification, eligibility, and priority assignment was the National Plan of Integrated Airport Systems (NPIAS), the Missouri State Airport System Plan (SASP), and the airport system plans for the Kansas City and St. Louis metropolitan areas accomplished by the Mid-America Regional Council (MARC) and the East-West Gateway Coordinating Council (EWGCC) respectively. The NPIAS, of course, defined eligibility of sponsors to receive federal funds under the State Block Grant Program (SBGP) and provided basic guidance for individual project priorities. The SASP was used to guide us in the determination of project location priorities. While the use of the NPIAS and SASP in combination was productive, the SASP and the regional system plans were relied upon heavily since they focus more clearly on the actual needs of the states airports. The SASP is a unique document in several ways since it was designed to be a working document rather than just informational. Since the data base of the SASP is computerized, the inventory, forecasting, and system analysis sections are updated as new information becomes available, thus at any given time the SASP recommendations and priorities are current. Since the primary product of the SASP is to arrange all airports in a priority sequence based on needs, it was the basic source for the selection of airports to receive funding. Guidance for the selection of projects within the metropolitan areas was obtained from the regional system plans and consultation with individual airport management. Of course many factors, in addition to information provided by the system plans, was considered, along with staff judgement, before projects were finally

programmed. The SBGP was an excellent opportunity to test the SASP and the test proved very successful. We did not experience any significant problems related to project eligibility, priority, or selection.

2. Standard Agreements with Airport Sponsors

The Standard grant agreement was modeled after the agreement used under the state funded airport capital improvement program. However, it has been expanded and modified to include the requirements established in the memorandum of agreement between the Missouri Highway and Transportation Department (MHTD) and the FAA.

The format of the agreement was developed to facilitate communication with the sponsor as to their obligations as a grant recipient and to provide information and guidance. The typical master agreement includes elements as follows:

a. Agreement Outline

- (1) Section I - Title, Authorization, Project Description
- (2) Section II - Standard Agreement Items
- (3) Section III - Planning
- (4) Section IV - Design
- (5) Section V - Construction
- (6) Section VI - Grant Acceptance (signature block)

b. Terms and Conditions

c. Exhibit 1 - FAA Assurances and Current List of Advisory Circulars

d. Appendix Outline

The agreement outline provides a convenient numbered reference to topics within the agreement, and the appendix outline lists the primary forms, agency orders, advisory circulars, supplemental guidelines, etc., that the sponsor will need. The FAA standard grant assurances (Exhibit 1) and the appendix are incorporated into the agreement by reference.

3. Use of Airport Layout Planning, Modification of Standards and Coordination Based Upon FAA Design and Construction Procedures

All block grant projects must conform to a current airport layout plan (ALP), and FAA design standards and construction procedures are utilized. However, the sponsor may request modification of FAA standards. If we concur that such modification is warranted, we forward a request with necessary documentation to the FAA to secure approval. Examples of modifications that have been requested and approved are: 1) Use of asphaltic pavement sealers and rejuvenators that have recently been introduced to the marketplace. 2) Use of engineering fabric in conjunction with asphalt overlays to reduce potential for reflective cracking. 3) Temporary variances for lighting/navigational aid relocation to facilitate construction. 4) Use of temporary guidance signs on the reverse side of mandatory signs at Part 139 certificated airports until the new advisory circular governing general guidesigns is adopted.

We also have requested authorization to utilize standard state highway asphalt mixes and crushed aggregate materials in lieu of the FAA versions. Due to the availability of state approved materials and contractor familiarity, we anticipate construction costs can be reduced based upon previous airport capital improvement projects we have completed. These requests have been denied pending further

cumentation to substantiate our experiences with state approved materials.

The only problems we have experienced resulted from adoption of the new advisory circular 150/5100-13 entitled "Airport Design" which became effective on September 29, 1988, just two (2) days before our involvement in the block grant officially began. Due to changes in concepts, terminology, dimensions, requirements, etc., all existing P's became obsolete. As a result, twenty-four (24) of our block grant development projects and three (3) planning projects had to include an update of the ALP's.

So, most of the sponsors hire engineering consultants for preliminary engineering, design and construction management, and the consultants are not familiar with the new design advisory circular. Advisory circular 150/5370-10A entitled "Standards for Specifying Construction of Reports" became effective on February 17, 1989, so many of the consultants had not yet been involved with a project under the two new advisory circulars. As a result, we became involved with a tremendous educational process as the FAA worked the "bugs" out of the new standards. Needless to say, these changes required a lot of extra effort from everyone involved.

Environmental Procedures

Under the block grant program, we are responsible for review and approval of all necessary environmental documents. FAA Central Region has accepted our environmental review and compliance program, which has also been accepted by the Federal Highway Administration for highway projects, for application to the block grant projects. Since Missouri

has not adopted an official state environmental policy and therefore is not "NEPA-like", we process all environmental actions in accordance with the Federal Council on Environmental Quality (SEQ) guidelines and prepare documents sufficient to meet SEQ requirements.

Since our Design division has considerable experience in environmental impact evaluations, they perform a preliminary review of each project to determine if the proposed improvements will impact the surrounding environment. This review is based on guidelines established by the National Environmental Policy Act and FAA Order 5050.4A entitled "Airport Environmental Handbook" dated October 8, 1985. Projects consisting of planning, limited construction activities, etc., typically do not have significant environmental effects. On such projects, our environmental specialists evaluate the potential for impact and provide the direction for communication with appropriate federal, state and local agencies to generate a statement of categorical exclusion.

On projects determined to have a higher potential for significant environmental impact, the sponsor is required to include development of an environmental assessment or environmental impact statement in the scope of services for their engineering consultant. The consultant will be responsible for analyzing the potential social, economic and environmental impacts, soliciting comments from the public and appropriate government agencies and providing a final evaluation. A Section 4F evaluation or a finding of significant impact statement is included as appropriate. The consultant's findings are then reviewed by our environmental specialists for accuracy, completeness, and compliance with federal and/or state requirements prior to submittal to FAA for concurrence with our final approval.

5. Coordination Procedures

Each year in July, the Missouri Highway and Transportation Commission approves the Aviation Work Program for the succeeding fiscal year. The work program includes all projects proposed by the Aviation Section for the year including the projects under the SBGP. No information on the projects contained in the work program may be released prior to commission approval at which time it becomes public information. For the SBGP, our first action subsequent to commission approval is to inform the Missouri congressional delegation of the approved projects within their districts. A copy of the entire approved program is also sent to the FAA Central Region office, Airports Division. Subsequent to these mailings, letters of tentative allocation are sent to the sponsor of each approved project with a description of the project as approved and the amount of federal funds tentatively allocated to it. Copies of these letters are sent to the congressional delegation, state legislators whose districts are affected, and the FAA Central Region, Airports Division.

6. Compliance with Procurement Requirements

In order to comply with federal procurement requirements, we provide the sponsor with a copy of 49 CFR Part 18.36 in addition to guidelines and sample public announcements.

Typically, procurement of professional services such as accounting, real estate appraisals, legal, etc., is done by small purchase procedures (under \$25,000 aggregate value). Under this procedure, a scope of services is developed and rate quotations are obtained from an adequate number of qualified providers.

If the estimated dollar value exceeds \$25,000, competitive proposals are solicited with more than one source submitting an offer. The exception is solicitation for architectural/engineering services whereby competitor's qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. In this case, price is not used as a selection factor.

Since any needed materials or products purchased must also be installed, any development contracts are procured by sealed bids. In this case, bids are publicly solicited and a firm-fixed-price contract is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.

7. Land Acquisition and Relocation

FAA Central Regional has also accepted our land acquisition program administered by our Right of Way Division for the block grant projects. The division has produced a publication entitled "Local Public Agency Right of Way Manual" to assist cities in acquiring right of way and construction easements for highway projects. We have adapted this manual for use by airport sponsors in acquiring land and aviation easements. An excerpt from land/easement acquisition guidelines provided by FAA Central Region is included as a supplement to explain the requirements for aviation easements, and a sample easement is included.

The aforementioned manual includes sample contracts and certification statements for appraisers, review appraisers, and negotiators as well as sample letter offers and guidance on communicating with landowners. A

list of prequalified appraisers is included. Sponsors are allowed to hire other appraisers subject to our approval.

After the appraisers are under contract and their reports are completed, our Right of Way Division conducts a review to ensure compliance with state and federal requirements. Upon approval of the appraisal reports, the sponsor is authorized to proceed with making offers for purchase.

On acquisitions involving relocation, the sponsor is coached by an MHTD relocation officer located in the respective local district office to ensure the fair compensation is allowed and that proper procedures are followed.

8. Project Monitoring and Safety Requirements

On planning or land/easement acquisition projects, our monitoring consists of review and processing of pay requests and review of the preliminary and final master plan report and associated drawings.

On construction projects, daily monitoring is accomplished by the resident engineer (engineering consultant or qualified sponsor staff) and a daily record is kept. In addition, the sponsor is required to submit a weekly construction progress and inspection report on FAA Form 5370-1. The sponsor is also responsible for conducting periodic wage rate interview to ensure compliance with and enforcement of state and federal labor provisions as required by 29 CFR Part 5.

The MHTD airport project engineer also conducts periodic on-site inspections while construction is in progress to ensure that the terms and conditions of the grant agreement are met, to ensure that all safety

requirements are met and to evaluate the adequacy of the sponsor's recordkeeping, inspection and engineering capabilities.

The MHTD airport project engineer also coordinates with the civil rights staff from the MHTD Construction division to carry out compliance with and enforcement of state and federal civil rights requirements.

Upon completion of the project, a final inspection is conducted in the presence of the sponsor and a representative of the contractor to determine if the project has been implemented in substantial compliance with the plans and specifications. Any deficiencies that are noted must be rectified before final payment is made to the sponsor.

With reference to safety, FAA advisory circular 150/5370-2C entitled "Operational Safety on Airports During Construction" is incorporated into the project specifications. Also, a specific safety plan is included in the plans package to identify communication requirements, contractor staging areas, haul routes, restricted areas, general airport operations areas, instrument landing system (ILS) and localizer critical areas, etc. The safety plan is designed to maximize the margin of safety between construction activities and aircraft (both airborne and on the ground) and to minimize the potential for an accident. The safety requirements are discussed in detail with the potential bidders at the prebid meeting and with the successful bidder at the preconstruction conference before construction is allowed to begin.

9. Enforcement of Compliance, Labor, Civil Rights, and other Grant Assurances

In order to ensure that the sponsor is aware of the obligations associated with receipt of a grant, the FAA standard grant assurances

and advisory circular list are incorporated into the grant agreement and included as "Exhibit 1." In addition, general compliance, labor and civil rights requirements are included as line items in the grant agreement. Associated advisory circulars, agency orders, etc., are included in the grant appendix and are incorporated into the agreement by reference.

Enforcement of the above requirements is accomplished in several ways. The grant agreement requires the sponsor to review the assurances, advisory circulars and agency order 5190.6A entitled "Airport Compliance Requirements" and notify MHTD of any areas of noncompliance within its existing facilities and/or operations. Any deficiencies that can reasonably be rectified are handled accordingly. If an issue cannot be resolved, we work with FAA Central Region staff for disposition.

Included in our compliance reviews are deficiencies identified in the annual 5010 airport master record safety inspections, applicable special conditions in previous grant agreements and land and property transfer agreements currently in force on projects that include an abbreviated master plan, the engineering consultant is required to review existing management agreements and/or lease to ensure they are in order and that exclusive rights violations do not exist.

We are currently reviewing the standard airport lease/agreement provisions and a compliance status questionnaire that are used by Central Region staff during compliance surveillance reviews. We plan to utilize a similar surveillance technique to supplement the grant requirements.

Enforcement of labor requirements related to construction contracts is accomplished by review of payroll records and wage rate interviews with workers. Determination of compliance with civil rights requirements is coordinated with the MHTD Civil Rights staff. The contractor is required to submit certified payroll records and a certification that DBE requirements have been met. Payment is withheld until any deficiencies have been rectified.

The Sponsor is required to have an approved DBE program in place to receive a grant, and proper certifications must be provided. To date, we have not experienced any problems with enforcement of the grant requirements.

10. Audit Procedures

Audit requirements under the SBGP included the required compliance audit in accordance with the Single Audit Act of 1984 and OMB Circular A-128. Additionally, positive control was exercised during project administration relative to each sponsors request for reimbursement. Each reimbursement request was required to include copies of all invoices and charges making up the requested amount, plus copies of cancelled checks drawn against the sponsor funds which paid the charges. Each payment was examined by the SBGP administrator to determine eligibility of the purpose for which it was paid and to assure the amount was proper. In the event advance payments were authorized by the SBGP administrator, similar evidence was required to verify payments were made in accordance with the purposes for which the advance payment was approved. The sponsor is also required to provide us with copies of their regular annual audit, and any audits performed on sponsors by the state auditor are available to us. If at any time there is reason to

believe a sponsor is not complying with accepted procedures for handling of state and/or federal funds, an independent audit can be required or the state auditors office could be requested to examine the sponsors accounting methods.

11. Feedback on Block Grant Procedures

Feedback from airport sponsors on SBGP procedures has been overwhelmingly positive. Sponsors particularly appreciate the simplified application procedure initiated for the program. Our application form is only two pages plus a minimum of supporting information. The philosophy behind the simplified application form is what we need to know is, who is the sponsor, what do they want to do, and how much do they think it will cost. The current application procedure of the FAA is very labor intensive and many time the smaller sponsors require the services of a consultant to accomplish it. We feel this effort is a burden on the sponsor and is nonproductive if the application lays for several years awaiting approval. Under the SBGP, when the project is approved and a letter of allocation of funds has been received by the sponsor, they are provided with a sample agreement which includes an appendix listing of all advisory circulars and other pertinent requirements which pertain to their specific project. Where possible, actual copies of key advisory circulars and other documents listed in the appendix are provided. The sponsor is encouraged to carefully review the sample grant agreement and all included information so they can be thoroughly aware of their responsibility under the grant. This procedure has been very well received by sponsors. Negative feedback has been limited to periodic delays in the routine exchange of project related paperwork caused by our limited staff. This type of criticism has, to our knowledge, been minimal.

In another arena, the Governor and many state legislators have been enthusiastic in their recognition of Missouri's participation in the SBGP. Our personal contact with legislators has revealed strong support for the program and a desire that it continue on a permanent basis. We have found no opposition to the program either in the Governor's office or the legislature.

12. Administrative Costs

Records have been maintained which document the administrative costs in connection with the SBGP. These costs are in the categories of personal services, travel, meals, and equipment. From the time we were notified of our selection as a demonstration state in May, 1989 through October, 1989 costs were limited to time and travel in connection with several meetings with FAA Central Region staff to formulate the Memorandum of Agreement. State staff involved in these meetings were the Administrator of Aviation, Assistant Administrator of Aviation, Aviation Planner, and Senior Airport Inspector. In November, 1989 an additional staff person was hired into the position of Airport Project Engineer with the primary responsibility of administering the SBGP. In September, 1991 another staff member was added with the position of Airport Projects Technician to assist the Airport Project Engineer. Because of the addition of these staff members, our administrative costs have increased in each of the first two years of the program. No additional staff were added in the third year and we expect the two dedicated staff to be sufficient to satisfactorily administer the program should it continue provided the state responsibilities are not expanded. Total administrative costs for the three year program is approximately \$245,000. We strongly recommend a certain percentage of

the federal funds allocated to states under the SBGP be allowed for administrative purposes. In our opinion, such a provision is necessary to assure the broad success of the program.

13. Overall assessment of the State Block Grant Pilot Program (SBGPP)

The SBGPP should definitely be continued and federal legislation should be pursued to make it a permanent, nationwide program. The most significant part of the program is that it places the administration of grant funds for general aviation airports at the most appropriate and efficient level. Most, if not all, state aviation agencies maintain a close liaison with their general aviation airports. This is done through a variety of state programs and procedures such as airport conferences, state airport grant programs, regular airport inspection programs (5010, etc.) and routine day to day contact. Also, many states have accomplished and maintain State Airport System Plans (SASP) which provides specific guidance for airport needs and development. With this knowledge, interest, and data base, the states are better equipped to develop meaningful multi-year work programs with sound priority sequences. Under federal administration many states have little or no influence over the destinies of their general aviation facilities. This is a serious fault in the overall process which the SBGPP corrects. Based upon the Missouri experience with the SBGPP the following recommendations are made for modifying the program before it is extended to more states:

Regional Workshops: At a time prior to states having to commit to participating in the Block Grant Program, they should have an opportunity to learn as much as possible about the program from the three demonstration states and the FAA. Workshops could be held in the various regions and the details and experiences discussed to

provide important insights to candidate states. Regional workshops would be preferable to a national meeting because they would produce smaller groups and therefore more productive dialogue.

One Year Organizational Period: Once a state has applied for and been approved for participation in the program, that state should be given one year to prepare itself prior to its first allocation of development funds. It should however, receive, at the time of selection, a letter of credit for the appropriate amount of administrative money based upon what the allocation for that year would be. This procedure would allow a state to pursue the approval of additional personnel, equipment, space, etc., based upon what they learned at the regional workshops and have determined their needs to be. It will also provide necessary time to develop the Memorandum of Agreement, internal procedures, preparation period for airport sponsors and consulting engineers, and other preparatory processes. In the case of Missouri, a one year preparatory period would have eliminated several significant problems.

In spite of the problems Missouri has experienced through the course of the program, it is still regarded as a success and the state desires to continue with it.

FEDERAL AVIATION ADMINISTRATION
STATE BLOCK GRANT PILOT PROGRAM

This is a demonstration program, authorized by the U.S. Congress, under which the Federal Aviation Administration (FAA) selected the states of Missouri, Illinois, and North Carolina to administer the FAA Airport Improvement Program (AIP) funds for general aviation, reliever, and commercial service airports. The term of the demonstration program is from October 1, 1989, through September 30, 1991. The following projects have been identified for the period October 1, 1989, to September 30, 1990.

<u>Location</u>	<u>Project</u>	<u>Total Cost</u>	<u>Federal Share</u>
1) Bolivar	Abbreviated Master Plan; environmental assessment; land and easements for new airport	531,800	478,620
2) Boonville	Abbreviated Master Plan	20,000	18,000
3) Brookfield	Master Plan/Site Selection	50,000	45,000
4) Cassville	Easements; extend and overlay or seal runway 8/26 from 3000' x 60' to 3700' x 60'; marking and lighting	280,000	252,000
5) Chillicothe	Construct apron and connecting taxiway	258,000	232,200
6) Cuba	Abbreviated Master Plan; land and easements; reconstruct, extend and widen runway from 2900' x 50' to 3200' x 60'; marking and lighting	1,055,000	949,500
7) Dexter	Abbreviated Master Plan; overlay runway 4500' x 100'; overlay or seal parallel and connecting taxiways and apron; pavement marking	840,000	756,000

<u>Location</u>	<u>Project</u>	<u>Total Cost</u>	<u>Federal Share</u>
8) Eldon	Land and easements; extend, widen and reconstruct runway 18/36 from 3175' x 45' to 3500' x 75'; relocate threshold, widen and reconstruct safety area; construct apron and connecting taxiway; marking and lighting	1,400,000	1,260,000
9) Fredericktown	Land and easements for new runway and connecting taxiways	255,000	229,500
10) Jefferson City	Update Master Plan	50,000	45,000
11) Jefferson City	Federally required lighting and guidance signs	70,000	63,000
12) Kansas City (Downtown)	Construct drainage system	750,000	675,000
13) Kansas City (Downtown)	Federally required lighting and guidance signs	500,000	450,000
14) Kansas City (Richards-Gebaur)	Replace approach lighting system	500,000	450,000
15) Kirksville	Federally required lighting and guidance signs	40,000	36,000
16) Lee C. Fine	Federally required lighting and guidance signs	78,000	70,200
17) Lee's Summit	Land and easements for approach protection for runways 18/36 and 11/29	448,000	403,200

<u>Location</u>	<u>Project</u>	<u>Total Cost</u>	<u>Federal Share</u>
18) Lewis County	Land and easements; construct runway 3500' x 60', connecting taxiway, apron and access road; segmented circle with lighted wind indicator; marking and lighting	1,200,000	1,080,000
20) Memphis	Abbreviated Master Plan; widen and extend runway from 2500' x 50' to 3300' x 60'; construct apron; marking and lighting	275,000	247,500
21) Rolla	Overlay runway 13/31 4900' x 100'; restore shoulders and rehabilitate parallel taxiway to runway 4; establish displaced threshold runway 13; marking	797,000	717,300
22) St. Charles County	Rehabilitate taxilanes and apron; fence	298,000	268,200
23) St. Louis County (Spirit)	Update Master Plan; construct drainage system	550,000	495,000
24) Sullivan	Pave runway 4000' x 75', connecting and hangar taxiways, apron and access road; rotating beacon; precision approach path indicators; marking and lighting	1,800,000	1,620,000
25) Tarkio	Abbreviated Master Plan; easements; rehabilitate and widen runway from 50' to 60'; widen taxiway from 20' to 35'; marking and lighting	780,400	702,360
TOTAL		13,236,200	11,912,580

FEDERAL AVIATION ADMINISTRATION
2ND YEAR'S STATE BLOCK GRANT PILOT PROGRAM
(Approved January 11, 1991 Commission Meeting)

This is the continuation of the demonstration program, authorized by the U.S. Congress, under which the Federal Aviation Administration (FAA) selected the states of Missouri, Illinois, and North Carolina to administer the FAA Airport Improvement Program (AIP) funds for general aviation, reliever, and commercial service airports. The three year term of the demonstration program is from October 1, 1989, through September 30, 1992. The following projects have been identified for the second year period from October 1, 1990, to September 30, 1991. Amounts shown are based on preliminary cost estimates.

<u>Location</u>	<u>Project</u>	<u>Total Cost</u>	<u>Federal Share</u>
1) Bolivar	Construct new runway 3500' x 60', connecting taxiway, apron and access road; segmented circle with lighted wind indicator; rotating beacon; marking and lighting	1,400,000	1,260,000
2) Camdenton	Avigation easement for runway approach protection	100,603	90,543
3) Clay County	Site preparation for runway, taxiway and apron	2,000,000	1,800,000
4) Eldon	Extend, widen and reconstruct runway 18/36 from 3175' x 45' to 3500' x 75'; relocate threshold, widen and reconstruct safety area; construct apron and connecting taxiway; marking and lighting	1,244,445	1,120,000
5) Fredericktown	Construct new runway 4000' x 75' and connecting taxiways; lighted wind indicator; marking and lighting	1,760,000	1,584,000
6) Houston	Land and easements for new runway; relocate road and utilities	512,000	460,800

<u>Location</u>	<u>Project</u>	<u>Total Cost</u>	<u>Federal Share</u>
7) Jefferson City	Repair and seal runway 12/30; repair and overlay taxiway to runway 12/30; marking	330,000	297,000
8) Kansas City (Downtown)	Drainage (Phase II)	338,888	305,000
9) Kansas City (Richards-Gebaur)	Construct taxiways and drainage	1,000,000 (Phase I)	900,000
10) Poplar Bluff	Land and easements for runway extension and lateral clearance; extend and overlay runway 18/36 from 4000' x 100' to 5000' x 100'; overlay connecting taxiway and portion of apron; marking and lighting	1,180,200	1,062,180
11) St. Joseph	Abbreviated Master Plan; property survey; reconstruct parallel taxiway; overlay connecting taxiways	1,733,175	1,559,857
12) St. Louis County (Spirit)	Construct cross taxiway	476,000	428,400
13) South St. Louis County	Land and easements for new airport	2,000,000	1,800,000
14) Warrensburg	Acquire land and avigation easements for extension to runway 13/31	<u>180,000</u>	<u>162,000</u>
TOTAL		14,255,311	12,829,780

STANDBY PROJECTS

<u>Location</u>	<u>Project</u>	<u>Total Cost</u>	<u>Federal Share</u>
Clay County	Pave runway 3300' x 75', connecting taxiway, apron and access road; segmented circle with lighted wind indicator; rotating beacon; marking and lighting	1,700,000	1,530,000
Houston	Site preparation for new runway, taxiway and apron	1,400,000	1,260,000
Independence	Land and easements for new airport	2,000,000	1,800,000
Lee's Summit	Extend, widen and reconstruct runway 18/36; marking and lighting	1,630,960	1,467,864
Marshall	Extend runway 18/36 from 3900' x 75' to 4500' x 75'; construct turnaround and partial parallel taxiway; marking and lighting	596,000	536,400
Kansas City (Downtown)	Overlay blast pad for runway 1/19 and taxiway	1,040,000	936,000
Kansas City (Richards-Gebaur)	Construct taxiways and drainage (Phase II)	2,285,000	2,056,500
Perryville	Drainage	200,000	180,000
Warrensburg	Extend, widen and reconstruct runway 13/31 (from 2020' x 50' to 2800' x 60'); marking and lighting	<u>1,035,000</u>	<u>931,500</u>
TOTAL		11,886,960	10,698,264

FEDERAL AVIATION ADMINISTRATION
3RD YEAR'S STATE BLOCK GRANT PILOT PROGRAM

This is the continuation of the demonstration program, authorized by the U.S. Congress, under which the Federal Aviation Administration (FAA) selected the states of Missouri, Illinois, and North Carolina to administer the FAA Airport Improvement Program (AIP) funds for general aviation, reliever, and commercial service airports. The three year term of the demonstration program is from October 1, 1989, through September 30, 1992. The following projects have been identified for the third year period from October 1, 1991, to September 30, 1992. Amounts shown are based on preliminary cost estimates.

<u>Location</u>	<u>Project</u>	<u>Total Cost</u>	<u>Federal Share</u>
Administrative		\$	\$ 140,000
Aurora	Abbreviated Master Plan	30,000	28,000
Boonville	Acquire land and easements for runway extension and widening, runway protection zones, and terminal expansion	150,000	135,000
Chillicothe	Rehabilitate runway and taxiways	914,000	822,600
Harrisonville	Rehabilitate runway, taxiway and apron; expand turnaround; construct partial parallel taxiway; widen connecting taxiway; install rotating beacon	756,000	680,400
Houston	Prepare site and construct, mark and light new runway, 3500' x 60', taxiway and apron	1,638,000	1,474,200
Kansas City (Downtown)	Improve airfield storm drainage	4,500,000	4,050,000
Jefferson County	Master Plan	55,000	49,500

<u>Location</u>	<u>Project</u>	<u>Total Cost</u>	<u>Federal Share</u>
Lee's Summit	Extend, widen, reconstruct, mark and light runway 18/36 from 3000' x 60' to 4000' x 75'; construct parallel taxiway; install precision approach path indicators and runway end identification lights; relocate segmented circle and wind indicator; install obstruction lighting	1,800,000	1,620,000
Maryville	Rehabilitate and mark runway 14/32, connecting taxiway, and portion of runway 18/36; install edgedrains	920,000	828,000
Neosho	Rehabilitate runway 1/19 and taxiway	660,000	594,000
Monett	Extend, mark and light runway 18/36 from 3000' x 60' to 4000' x 60'; reconstruct partial parallel taxiway, install precision approach path indicator and rotating beacon	1,223,000	1,100,700
Piedmont	Rehabilitate and mark runway 3/21 and connecting taxiway; improve drainage	400,000	360,000
St. Louis (Spirit)	Rehabilitate apron, acquire land for hangar area; install security fencing	442,000	397,800
Warrensburg	Extend, widen, reconstruct, mark and light runway 13/31 from 2020' x 50' to 2800' x 60'	1,200,000	1,080,000
Waynesville	Abbreviated Master Plan	<u>25,000</u>	<u>22,500</u>
TOTAL		\$14,713,000	\$13,382,700

STANDBY PROJECTS

<u>Location</u>	<u>Project</u>	<u>Total Cost</u>	<u>Federal Share</u>
Boonville	Extend, widen, mark and light runway 18/36 from 3300' x 60' to 4000' x 75'; improve drainage; install runway end identification lights; expand apron; relocate and rehabilitate entrance road; construct parallel taxiway	2,081,000	1,872,900
Cameron	Prepare site and construct, mark, and light new runway, 4000' x 75', and connecting taxiways	3,000,000	2,700,000
Clay County	Pave, mark and light runway 4000' x 75', connecting taxiway, apron and access road; install lighted wind indicator and rotating beacon	1,800,000	1,620,000
Farmington	Acquire land and easements	850,000	765,000
Franklin County	Franklin County Airport Aviation Facility Assessment Study	75,000	67,500
Hannibal	Construct partial parallel and hangar taxiway	700,000	630,000
Independence	Land and easements for new airport	2,000,000	1,800,000
Kansas City (Downtown)	Improve airfield storm drainage; replace airfield lighting regulators and emergency generator; improve lighting; resurface blast pavement area for taxiways accessing ends of runway 1/19; resurface taxiways B (portion of), C-1, and apron along terminal	8,196,000	7,376,400

<u>Location</u>	<u>Project</u>	<u>Total Cost</u>	<u>Federal Share</u>
Kansas City (Richards-Gebaur)	Construct taxiway 5, holding apron and portion of parallel taxiway to runway; grade airfield and improve drainage	4,000,000	3,600,000
Lee's Summit	Update Master Plan; acquire land and relocate street to meet new safety design standards; expand apron; relocate access road	1,522,000	1,369,800
Linn Creek	Rehabilitate and mark runway 14/32 and portion of taxiway; expand apron	500,000	450,000
Marshall	Extend, mark and light runway 18/36 from 3900' x 75' to 4500' x 75'; construct turnaround and partial parallel taxiway	596,000	536,400
Mountain Grove/ Cabool	Master Plan/Site Selection	45,000	40,500
Richmond	Site preparation for new airport; relocate road	1,437,000	1,293,300
Sedalia	Update Master Plan	38,700	34,830
Sikeston	Reconstruct main portion of apron; resurface portion of apron	250,000	225,000
TOTAL		\$27,090,700	\$24,381,630

APPENDIX G. FINAL NORTH CAROLINA REPORT

State Block Grant Pilot Program
Final Report, State of North Carolina
December 13, 1991

Note: Where the word "Department" is used, the reference is to the North Carolina Department of Transportation as a state agency. Where the word "Division" is used, the reference is to the Division of Aviation of the North Carolina Department of Transportation as an operating division. Where the word "FAA" is used, the reference is to the Federal Aviation Administration or one of its member divisions. Since most contact is with the Atlanta Airports District Office, where appropriate that office will be identified as "Atlanta ADO".

1. Programming Methods

The Department uses a priority system derived from the system used by the Southern Region of FAA before adoption of the national priority system. The system has six (6) categories of evaluation, with the final project priority being the cumulative total after all six categories have been applied. The lower the numerical total, the more important the project and thus the higher the priority for funding.

Categories are:

Work Element: Safety related items have a higher priority than capacity, which in turn is higher than preservation, which in turn is higher than all other eligible work elements.

Airport Activity: Larger, more active, airports have a higher priority.

New or Reliever Airport: New and/or reliever airports receive priority over existing non-reliever airports.

Access to Remote Areas: The few airports which serve regions remote from population centers or transportation hubs receive priority.

Business Justification: Projects with direct impacts upon local business/economic development receive priority.

Tourism: The airport receives a priority based upon the amount of aviation tourism it accommodates.

The Department does not require detailed justification for development projects. It is our opinion that application of the priority system described above will generally result in most non-justified projects receiving such a low priority that they are unlikely to be funded. The Department always reserves the right to adjust the final priority number when special conditions exist on the project, an action which is only taken once or twice each Fiscal Year.

Under the terms of North Carolina General Statute 63, projects eligible for state assistance are those which are, in general, eligible for assistance under the FAA funding programs. In addition, State Aid to Airports may be made available for terminals and safety related items on general aviation airports, projects which are not eligible under the federal program. For purposes of the Block Grant Program, Sponsors were advised that a strict adherence to federal eligibility standards would be imposed.

The normal approval process for projects places all applications for State Aid and Block Grants in the Department's overall Transportation Improvement Program. The TIP has been in effect since the late 1970's and accommodates all transportation funding programs administered by the Department. The Aviation Element is a five year annually renewable program. Each year during the formulation process, the first four years are reviewed and confirmed, while a new set of projects is added for the fifth year.

Local airport Sponsors are notified in January of the dates and deadlines for the next TIP formulation process. Generally, at least 90 days are given after this notification for Sponsors to assemble a request package consisting of specific forms, rationale for the projects, and drawings depicting the project location. After receipt, Division staff review the submissions and each major work element is assigned a priority number by application of the State Aid to Airports priority system. The staff then develops a briefing package containing written descriptions of each request, the Sponsor's rationale for the request, its costs, its priority, and a drawing of the airport.

The primary review agency for the TIP is the Aeronautics Council, the Department's aviation advisory board. The Council has 13 members, one from each of the state's 11 U.S. Congressional districts, plus two at-large members. The Council is provided with the briefing package 4-6 weeks prior to a work session and the members become familiar with all new requests (the 1991 formulation session contained approximately 425 new work element requests, plus about 200 work elements already placed in the program in past formulations).

Upon completion of a work session with Division staff, the Aeronautics Council makes final recommendations for the establishment of a funding program and provides them to the Secretary of Transportation. The Secretary then has the final approval authority for the priority, Fiscal Year, and funds amount for each project. The Aviation Element is then adopted and placed into the overall TIP when it is published in October of each year.

Problems Observed:

No specific problems have been observed with regard to overall project selection, cost allowability, eligibility, justification, etc. Three areas of concern have been identified:

A. In order for the aviation process to conform to the overall TIP schedule, the amount of funds available from FAA for Block Grants should be known by around July 1 of each year. This then gives about 90 days to hold the Council meeting, receive Secretarial approval, and complete the final printed edition of the TIP. In FY 1990, the FAA grant agreement was finally signed in March, 1990, nine months into the state Fiscal Year. In FY 1991, the grant agreement was signed in January, 1991, six months into the state Fiscal Year. For FY 1992, as of September, 1991, no grant offer has been made and no state allocations have been approved.

This gives the Department two major problems. First, for none of the three Fiscal Years have we been able to approve and publish an accurate Block Grant Program in the Department's overall Transportation Improvement Program. In addition, state funds are programmed on a five year basis. Due to the uncertainty about federal funding, we have to emphasize that no commitments of federal funds can be made beyond the year for which a grant agreement is actually in hand. In FY 1992, for example, there are several projects which were begun in FY 1991 with grants from that year and are to be completed as multi-year projects with an FY 1992 grant. However, we have no assurance that sufficient funds will be available to accommodate the completion of these projects. Sponsors have worked with the Department on faith that either the Department or FAA will follow up with the necessary funds to complete the present phase and the overall project on a timely basis.

B. The Departmental approval normally relies upon a meeting of the Aeronautics Council with recommendations to the Secretary of Transportation. Since the Council meets only periodically, there may be several months between the identification of a need to revise a Block Grant allocation and the time the allocation can be formally approved. While we have not had any time critical items as of yet, we foresee the potential that an existing project might need additional funds (i.e. after bids are taken) on an immediate basis which could not be met by waiting for the next meeting of the Council. Contingency plans are in effect to allow an "emergency" approval of additional funds without Council action, but a permanent solution has not been developed.

C. Only annual allocations are received from FAA. It is not possible to develop an accurate five year funding program without multi-year commitments, or at least estimates, from FAA.

2. Contract Provisions

The Department uses its standard State Aid to Airports Grant Agreement for Block Grants with the exception of modified language referring to the federal funds portion of the project. In addition, the FAA standard Grant Assurances are made a part of the Block Grant Agreement and Sponsors are bound by those assurances throughout the project.

It is noted that the state application process has grant assurances and contract documents at only one step of the process, versus the FAA practice of incorporating extensive assurances in the preapplication, with a relatively limited Grant Agreement. In North Carolina, there are no required assurances in the TIP (preapplication) stage, with all assurances and contract provisions being actually contained in the Grant Agreement itself.

Problems Observed:

The only problem observed is with the FAA procedures on the grant to the Department. The FAA payment system provides a computer access code for our Fiscal unit to use when requesting reimbursement for grants paid. For the Block Grants, the assigned project number did not allow the Department to specify the Fiscal Year of the federal grant. Thus, as we began to request payments from two different Fiscal Years, the amounts contained in a single FAA pay reimbursement contained commingled funds from the two years without identification of the funds from each year. While this would probably not be a major problem for the short range (i.e. 2-3 year) Block Grant Program, it had the potential for major problems if we had state pay requests to FAA covering 3-5 years of allocations.

After Atlanta ADO was made aware of this concern, they took steps to correct the deficiency by assigning discrete computer project numbers for each of the Fiscal Years of the program. Thus, a pay request to FAA is now clearly identified as to the source of funds when the refund is received by the Department. However, it took nearly three months to get this change enacted. By that time, the Department had paid over \$4 million in Block Grant funds to local governments and had to wait to get reimbursed for that amount. Making the matter worse, the account payable extended over the beginning of the new state Fiscal Year (beginning July 1, 1991) and required explanation on the old Fiscal Year of why the payments had not been reimbursed.

It is suggested that FAA assure that all grants to state agencies be clearly identifiable, particularly on the payment format (check, computer transfer, letter of credit, etc.) as to the Fiscal Year to which the payment is to be credited.

3. Airport Layout Planning

In the mid-1970's, the Department adopted the FAA Advisory Circulars as the primary design standards for State Aid to Airports projects. This policy was thus already in effect for all Block Grant projects. This requirement is included in the State Aid to Airports Grant Agreement. No deviation from FAA standards may be made without concurrence of the Division.

In the event a deviation is requested, the Division processes the request through the Southern Region coordination process to determine if the deviation can be accommodated.

Problems Observed:

The main problem encountered in this process is a decided lack of interest on the part of FAA to deviate from standards. On the several proposals we have coordinated, each has been responded to with a rather curt statement that the various offices cannot concur if the project does not adhere to the Advisory Circular standards. In such cases, we use our best judgement as to whether the deviation has a safety impact. If we feel that safety is enhanced by the deviation, or at least is not compromised, we advise the Sponsor that we will not "approve" the deviation but will not object to its construction. If the deviation has a negative safety impact, we will not allow its inclusion in a Block Grant project.

4. Environmental Review

North Carolina has an effective State Environmental Policy Act which largely reflects the provisions of the National Environmental Policy Act. The only major differences between state and federal procedures is that the state procedures do not spell out the requirement for coordination with interested federal agencies.

The Department has handled environmental approval through its normal state review and approval process with the added action of coordinating major actions with EPA, U.S. Fish and Wildlife Service, and the Corps of Engineers. It is believed that all other potential federal input is already handled by an appropriate state input, i.e. historic properties are coordinated by the State Historic Preservation Officer (SHPO) under the provision of Section 106 of the Historic Preservation Act. In addition, we have emphasized the need for early scoping of projects and use of information received in developing the final project and its specific design.

Problems Observed:

Two problems have been encountered in this process. First, the FAA's Regional Counsel ruled that we were not sufficiently "NEPA-like" to allow processing entirely under state procedures. Our state environmental coordinator considered this ruling an insult to the state, indicating that it had been her experience that state environmental review procedures were actually more stringent than those at the federal level. It was for this reason that we decided not to abandon our procedures, but simply to add on to them those which FAA considered to be the most important additional federal level coordinations to assure.

The second problem has resulted from differences of opinion with the State Historic Preservation Office (SHPO) over the exact role of FAA in the final approval of environmental documents. It was the intent of the Atlanta ADO, as reflected in the Memorandum of Agreement with the Department, that only specific conflicts with historic properties would be reviewed and concurred with by FAA. The SHPO, on the other hand, has insisted that FAA be a party to each environmental decision, regardless of overall or historic impact. This is based upon the SHPO's conclusion that Section 106 is the result of an act of Congress and that a simple agreement between FAA and the Department cannot negate Congressional intent.

We are currently completing negotiations with the SHPO to more clearly define the timing and scope of review which might need further federal input: either from FAA or the Council on Historic Preservation. We believe all concerns will be resolved by mid-1992. To date, no extensive delay in environmental approval has resulted from this disagreement. It would, however, be appropriate for Congress to specifically address the environmental authority of the states should the Block Grant Program be extended.

5. Coordination

Upon approval of the draft tentative allocations for the Block Grants, the Department conducted two one-day seminars for all recipient airports and their consultants. One seminar, held in December, 1989 was for FY 90 and FY 91 grant recipients; the second, held in December, 1991 was for FY 92 grant recipients. The appropriate FAA personnel, including airports and Civil Rights, were asked to discuss their requirements and approval processes. At the state level, a number of Departmental staff discussed such items as project administration, pay requests, accounting records, legal requirements, and compliance requirements. During the seminar, a package containing about 20 different FAA Advisory Circulars and supporting documents was given to each Sponsor. It is felt that these seminars were a very well received method of assuring that each recipient and consultant was given the information necessary to conform to state and federal standards. In addition, each attendee could benefit from the questions of others of both a general and specific nature. Several attendees from air carrier airports indicated they wished FAA would offer an annual workshop of a similar nature in each state.

All project, planning, and plans and specifications coordination is carried out in conformance with appropriate orders of the FAA Southern Region.

Problems Observed:

The only problem encountered is a lack of timely response from FAA on coordination requests. For example, the construction plans for the Mt. Airy-Surry County Airport runway extension were sent for coordination in December, 1990. The project got underway in April, 1991. By early September, 1991 the project was about 98% complete. One of the coordination responses had just been received at that point of completion.

6. Procurement Requirements

The Program Guidance Handbook for State Aid to Airports advises Sponsors that professional services must be obtained in accordance with current FAA procurement requirements. This is further referenced in the Grant Assurance portion of the Grant Agreement. In addition, our Airport Development Specialists verbally remind both Sponsors and consultants that FAA procurement provisions govern the project. We do not require any formal description or certification from the Sponsor, but reserve the right to spot-audit a project to ensure compliance with procurement regulations.

We are not aware of any current Block Grant projects on which any problems have been generated by procurement regulations.

7. Land Acquisition and Relocation

As with design standards, we adopted the federal uniform land acquisition guidelines over 10 years ago. The requirement to conform is part of the Program Guidance Handbook and the Grant Assurances and is active for Block Grant projects as well.

Problems Observed:

The only land acquisition problem noted to date is that FAA does not have a current land acquisition Advisory Circular. We have provided each Sponsor with a land acquisition project a copy of the appropriate Federal Register, but this is not a good single source document for persons unfamiliar with the process. A new Advisory Circular is badly needed.

8. Project Monitoring

Each project is assigned to a staff Airport Development Specialist who is responsible for monitoring the progress of the project. Each Sponsor is required to provide quarterly project status reports on the overall project. In addition, each pay request contains a "mini" status to determine progress on the project.

In addition to written reports, the Airport Development Specialists try to inspect their assigned projects as required depending upon the amount of work being undertaken. A very intense construction project, for example, might be visited on a monthly basis, a land acquisition or long term construction project might be visited on semi-annual basis.

9. Civil Rights and Labor Provisions

At the direction of FAA, all Civil Rights matters are handled directly by the Southern Region's office of Civil Rights. The only responsibility the Division has in this matter is to assure that the DBE goals for the project have been approved by FAA and that the FAA is made aware of any problems of a Civil Rights nature observed on the project.

Labor provisions, posters, etc., are provided to the Sponsor at the beginning of the project. It is the responsibility of the Sponsor and his consultant to assure that appropriate compliance is undertaken.

Problems Observed:

We have noted no problems peculiar to the Block Grant Program, although the Civil Rights staff of FAA in Atlanta indicates a continuing problem, common to all FAA grants, of getting Sponsors to send in required documents and reports. Each Division of Aviation staff member has been advised of this concern and will diligently remind each Sponsor of his obligations both for Civil Rights and the reporting process.

10. Audit Procedures

Under the terms of both federal and state mandates to implement annual system audits rather than project audits, no specific audits are undertaken of airport projects. The Department has warned Sponsors that it reserves the right to do project audits, either on a spot basis or in response to possible problems. The Block Grant Program has not progressed sufficiently to justify the spot audits and no problem projects have been identified.

The Department's External Audit Section (not a part of the Division of Aviation) reviews each project on an annual basis as part of the reconciliation process between projects and system audits. In addition, each Airport Development Specialist is required to review each financial document received from the Sponsor to assure that it is consistent with the approved project, consultant costs, and construction bids.

In addition to the project related activities of the External Audit Section, the Division is also subject to a biennial review by the Department's Internal Audit Section. The internal audit attempts to assure that the Division's procedures are appropriate and that no projects are being handled in an inappropriate manner.

11. Feedback Received

While we have not made a formal survey of Block Grant Sponsors and consultants, the informal comments we receive have been favorable of the program. They seem to be particularly pleased with having to deal with only one agency for all Grant Agreement, payment, project progress, and closeout requirements.

12. Administrative Costs

Since we were advised initially that administrative costs would not be eligible on the Block Grant Program, no effort has been made to track such costs and any guess on our part would be just that. With regard to workload, we estimate that a typical Block Grant project takes 3-4 times as much attention as a State Aid to Airports project as a result of the coordination requirements, adherence to Civil Rights provisions, reconciliation of pay requests, and assurance of environmental provisions.

Based on the number of Block Grant and active State Aid to Airports projects, this would mean a total workload increase of 15%-20% to accommodate the Block Grant Program. The total operating budget of the Airport Development function is about \$400,000 annually. This would result in the approximate cost to the Division to administer the Block Grant Program of \$60,000 to \$80,000 per year.

It is not known how much time will be spent on Block Grant matters by other Departmental units. There is obviously an increased workload on our fiscal units to handle pay requests and reconcile audit reports. In addition, the Department's attorneys receive questions periodically concerning block grants. However, no specific dollar amount can be determined for these services.

13. Overall Assessment

The Department has been pleased with the results of the two years of the Block Grant Program which have been completed. We have generally received positive comments from both Sponsors and consultants. Any criticism received has been the result of the capability of specific individuals to handle assigned duties or from system deficiencies resulting from the rapid growth of the state program in general.

For the three years of the Block Grant Program, our state program will have grown from a \$3.4 million annual grant program to an \$8.2 million annual grant program. Having this growth of state funds, combined with the added responsibilities of the Block Grants, has emphasized certain procedural and administrative weaknesses in our organization. In cooperation with ongoing evaluation of programs in the rest of the Department, we are trying to identify the scope of those concerns, identify a strategy to correct problems, and develop funding sources for items such as computer systems and equipment.

The biggest single concern we have identified about the Block Grant Program is the lack of firm program amounts for an extended period of time. As noted, we publish a state five year program which has been extremely effective in allowing Sponsors to plan for projects and expenditures on a medium range basis. We have not been able to do so for the Block Grants.

In FY 1990, for example, we made our tentative allocations based upon the FAA's projections contained in an award letter. About 45 days later, FAA advised us that due to budget problems, the grants were being reduced by about 10% (about \$850,000). We adjusted the program and notified Sponsors. FAA subsequently came back about 90 days after this and added \$500,000 back to the program. Thus, Sponsors really did not know until well into the second quarter of federal FY 90 how much money they would have for projects.

We believe that, for a long range program to be effective, there should be a commitment of minimum funding levels over the life of the program. While this might not accommodate potential discretionary funds or overall program increases, it would give a starting point for a more productive capital improvements program.

With regard to discretionary funds, we have previously raised the concern that FAA would not consider providing discretionary or fallout funds to the participating states after their Grant Agreement had been signed for a specific year. This put our airports in the position of not being able to take advantage of such funds while other airports in other states could. While we recognize that the funds awarded to Block Grant states already contained some discretionary funding, we believe those states and their airports should be able to compete on a fair basis for any additional funds which might be made available later in the Fiscal Year.

The Division has enjoyed a good working relationship with both the Atlanta ADO and Southern Region of FAA during the Block Grant Program. We have received good cooperation from all of the units with which we have worked and believe they have been supportive of the state's role in the program. Any problems encountered specifically with FAA have either been of a temporary nature and corrected quickly (i.e. the problems with reimbursement of the Department after payments are made to Sponsors) or problems which FAA itself encounters and is already familiar with (i.e. the delays in completion of FAA coordination of construction projects and airport plans).

END OF REPORT

State of North Carolina
Table I and II Information (Continued)
Page 2

Table II Allocations By Airport and Project Description

FY 1990 Allocations

Location and Name of Airport	Federal Funds	Description of Work
Albemarle Stanly County (General Aviation)	\$1,788,000	Site preparation for runway extension from 4,700' to 5,500'
Andrews Andrews-Murphy (General Aviation)	\$ 537,380	Land acquisition for runway 25 runway protection zone
Lincolnton Lincoln County (Reliever)	\$ 482,188	Site preparation for parallel taxiway and aircraft parking apron expansion
Louisburg Franklin County (New) (Reliever)	\$1,617,425	First year of multi-year project site preparation for new airport (5,500' runway, para twy, apron)
Manteo Dare County (General Aviation)	\$ 340,000	Land acquisition, obstruction removal for runway 22 runway protection zone
Monroe Monroe Municipal (Reliever)	\$ 452,000	Extend partial parallel taxiway, widen runway safety area
Roxboro Person County (Reliever)	\$ 432,000	Land acquisition, obstruction removal runway object free areas and approaches
Salisbury Rowan County (General Aviation)	\$2,268,447	Site preparation for extension of runway and para taxiway from 4,200' to 5,500'
Smithfield Johnston County (Reliever)	\$ 169,980	Construct access road and access taxiway to second FBO area
Southern Pines Moore County (General Aviation)	\$ 204,000	Land acquisition for runway 5 runway protection zone

State of North Carolina
Table I and II Information (Continued)
Page 3

FY 1991 Allocations

Location and Name of Airport	Federal Funds	Description of Work
Albemarle Stanly County (General Aviation)	\$ 588,000	Pave and light extension from 4,700' to 5,500; strengthen 4,700' runway
Andrews Andrews-Murphy (General Aviation)	\$ 250,000	Update Airport Layout Plan; construct partial parallel taxiway
Asheboro Asheboro Municipal (General Aviation)	\$ 612,000	Land for development; extend runway from 3,900' to 4,500'
Burlington Burlington-Alamance (General Aviation)	\$1,252,637	Phase I site preparation for runway extension from 3,700' to 5,000'
Concord Concord Municipal (New) (Reliever)	\$1,000,000	Land acquisition and project design for new airport; phase I clearing and drainage
Franklin Macon County (General Aviation)	\$ 672,852	Environmental assessment; extend runway from 3,800' to 4,400'; widen from 60' to 75'
Gastonia Gastonia Regional (New) (Reliever)	\$1,000,000	Land acquisition and project design for new airport; phase I clearing and drainage
Lincolnton Lincoln County (Reliever)	\$ 363,836	Pave and light parallel taxiway and expanded aircraft parking apron
Lincolnton Lincoln County (Reliever)	\$ 88,164	Land acquisition and obstruction removal for rwy protection zones; comprehensive pavement sealing
Louisburg Franklin County (New) (Reliever)	\$ 862,575	Second year of multi-year project to construct new airport
Monroe Monroe Municipal (Reliever)	\$ 48,000	Remove utility lines in runway 5 runway protection zone

State of North Carolina
Table 1 and II Information (Continued)
Page 4

Mount Airy Mount Airy-Surry County (General Aviation)	\$ 936,000	Extend and light runway from 3,500' to 4,300'; taxiway turnaround runway 18
Oxford Oxford-Henderson (General Aviation)	\$ 432,800	Strengthen runway 6-24 (5,000 x 100'); expand aircraft parking apron
Rockingham Rockingham-Hamlet (General Aviation)	\$ 146,800	Land acquisition and obst removal for rwy protection zones; rehabilitate apron
Salisbury Rowan County (General Aviation)	\$ 399,360	Pave and light runway and para taxiway extension from 4,200' to 5,500'
Smithfield Johnston County (Reliever)	\$ 640,000	Land acquisition for runway extension from 4,400' to 5,500'
Southern Pines Moore County (General Aviation)	\$ 50,000	Relocate utility lines in runway 5 runway protection zone

FY 1992 Allocations

Location and Name of Airport	Federal Funds	Description of Work
Andrews Andrews-Murphy (General Aviation)	\$ 128,000	Land acquisition for apron expansion; expand aircraft parking apron
Burlington Burlington-Alamance (General Aviation)	\$ 942,073	Phase II site preparation for runway extension from 3,700' to 5,000'
Concord Concord Municipal (New) (Reliever)	\$2,280,436	Land acquisition; initial phase site preparation for new airport (5,500' runway, para twy, apron)
Franklin Macon County (General Aviation)	\$ 532,000	Construct parallel taxiway

State of North Carolina
Table I and II Information (Continued)
Page 5

Gastonia Gastonia Regional (New) (Reliever)	\$2,280,436	Land acquisition; initial phase site preparation for new airport (5,500' rnwy, para tw, apron)
Louisburg Franklin County (New) (Reliever)	\$2,800,000	Pave and light new airport (5,000' rnwy, para tw, apron, access road, visual aids)
Lumberton Lumberton Municipal (General Aviation)	\$ 212,960	Land acquisition, obstruction removal for runway protection zones
Lumberton Lumberton Municipal (General Aviation)	\$ 15,000	Rehabilitate airfield drainage system
Mount Airy Mount Airy-Surry County (General Aviation)	\$ 64,000	Land acquisition, obstruction removal for runway object free areas
Rockingham Rockingham-Hamlet (General Aviation)	\$ 28,800	Land acquisition, obstruction removal for runway protection zones
Salisbury Rowan County (General Aviation)	\$ 160,000	Land acquisition, obstruction removal for runway protection zones
Smithfield Johnston County (Reliever)	\$1,600,000	Phase I site preparation for extension of runway and para tw from 4,400' to 5,500'
Southern Pines Moore County (General Aviation)	\$1,144,000	Land acquisition, obstruction removal, relocation assistance rnwy 5 runway protection zone
Statesville Statesville Municipal (General Aviation)	\$ 646,600	Land acquisition for line of sight between runways; runway protection zone land
Statesville Statesville Municipal (General Aviation)	\$ 151,200	Extend runway safety area on approach end runway 28
Statesville Statesville Municipal (General Aviation)	\$ 181,000	Construct partial parallel taxiway for runway 10-28
Wilkesboro Wilkes County (General Aviation)	\$ 428,000	Land acquisition, obstruction removal for runway protection zones

END OF TABLE I AND II INFORMATION

APPENDIX H. SCHEDULE OF REVIEW MEETINGS

**State Block Grant Pilot Program
Schedule of Review Meetings**

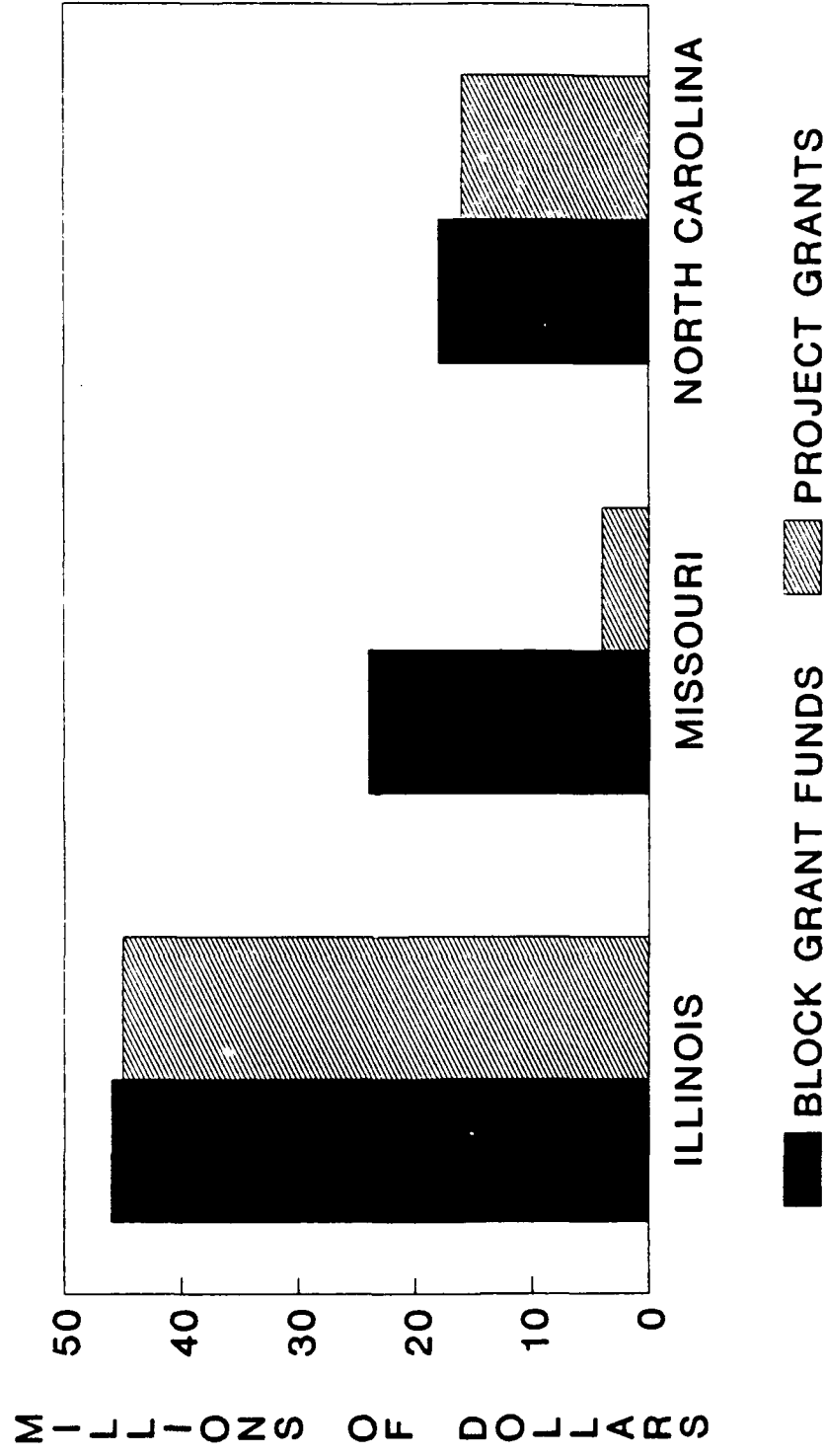
This schedule outlines formal review meetings for the State block grant pilot program. It identifies the date, primary organization, and location of meetings. It does not describe contacts with any other organization at these meetings or ongoing communications with the States and other organizations.

DATE	ORGANIZATION	LOCATION
<u>Initial Meetings</u>		
June 2, 1989	FAA Advisory Team	Washington, DC
June 2, 1989	State of Illinois	Washington, DC*
June 2, 1989	State of North Carolina	Washington, DC*
June 14, 1989	State of Missouri	Kansas City, MO
<u>Initial Visits</u>		
July 24, 1989	FAA Central Region	Kansas City, MO
July 25, 1989	State of Missouri	Jefferson City, MO
August 16, 1989	FAA Southern Region	Atlanta, GA
August 16, 1989	State of North Carolina	Raleigh, NC
October 31, 1989	FAA Great Lakes Region	Chicago, IL
November 1, 1989	State of Illinois	Springfield, IL
<u>Preliminary Evaluation Meetings</u>		
July 30-31, 1990	State of Illinois	Springfield, IL
August 30, 1990	State of North Carolina	Raleigh, NC
September 13, 1990	State of Missouri	Jefferson City, MO
May 7, 1991	FAA Advisory Team	Washington, DC
<u>Final Evaluation Visits and Site Inspections</u>		
July 15, 18-19, 1991	FAA Great Lakes Region	Chicago, IL
July 15, 1991	City of Aurora	Aurora, IL
July 16, 1991	City of Peru	Peru, IL
July 17, 1991	State of Illinois	Springfield, IL
August 27, 30, 1991	FAA Central Region	Kansas City, MO
August 27, 1991	City of Kansas City	Kansas City, MO
August 28, 1991	City of Rolla	Rolla, MO
August 29, 1991	State of Missouri	Jefferson City, MO
September 24, 1991	State of North Carolina	Raleigh, NC
September 25, 1991	Rowan County	Salisbury, NC
September 26, 1991	Lincoln County	Lincolnton, NC
September 27, 1991	FAA Southern Region	Atlanta, GA

* Joint meeting.

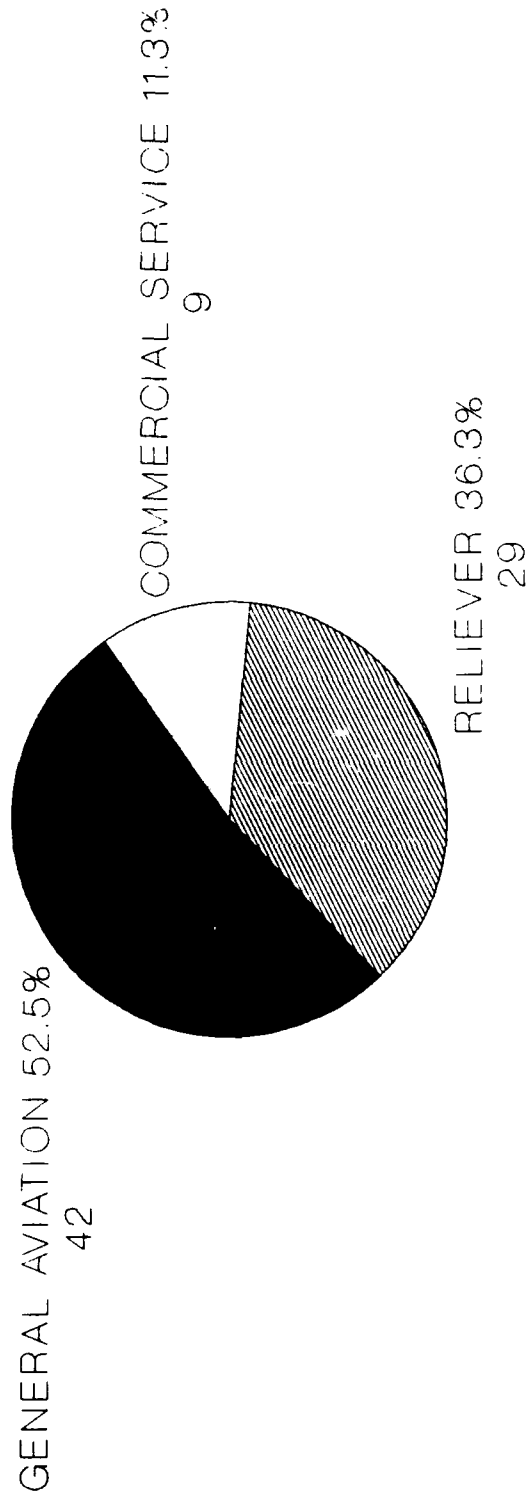
APPENDIX I. UTILIZATION RATE OF BLOCK GRANTS

STATE BLOCK GRANT PILOT PROGRAM UTILIZATION RATE OF BLOCK GRANTS FISCAL YEARS 1990 AND 1991



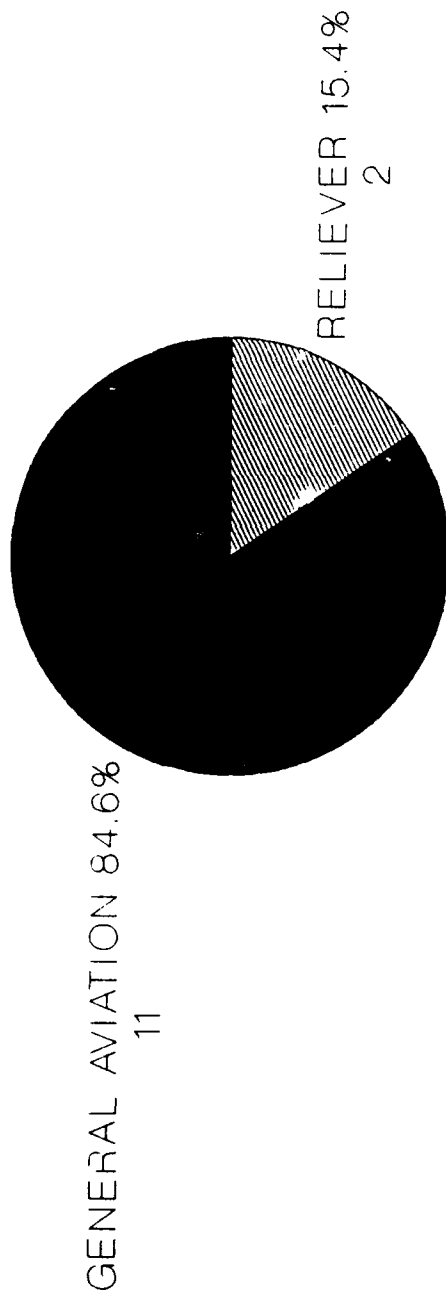
APPENDIX J. NUMBER OF GRANTS ISSUED BY AIRPORT TYPE

STATE BLOCK GRANT PILOT PROGRAM
NUMBER OF GRANTS ISSUED BY AIRPORT TYPE
FISCAL YEARS 1990 AND 1991



STATE OF ILLINOIS

STATE BLOCK GRANT PILOT PROGRAM
NUMBER OF GRANTS ISSUED BY AIRPORT TYPE
FISCAL YEARS 1990 AND 1991

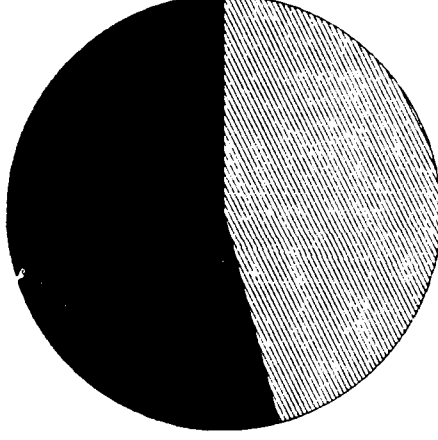


STATE OF MISSOURI

STATE BLOCK GRANT PILOT PROGRAM
NUMBER OF GRANTS ISSUED BY AIRPORT TYPE
FISCAL YEARS 1990 AND 1991

GENERAL AVIATION 54.2%

13



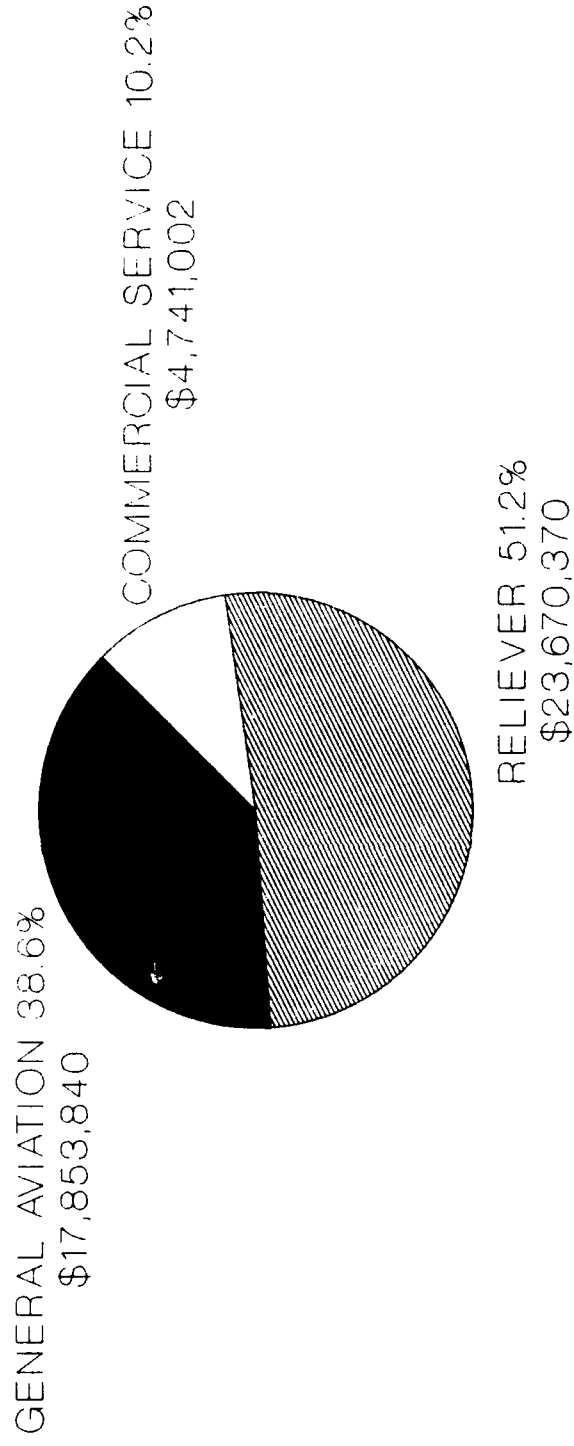
RELIEVER 45.8%

11

STATE OF NORTH CAROLINA

APPENDIX K. FEDERAL FUNDS PROVIDED BY AIRPORT TYPE

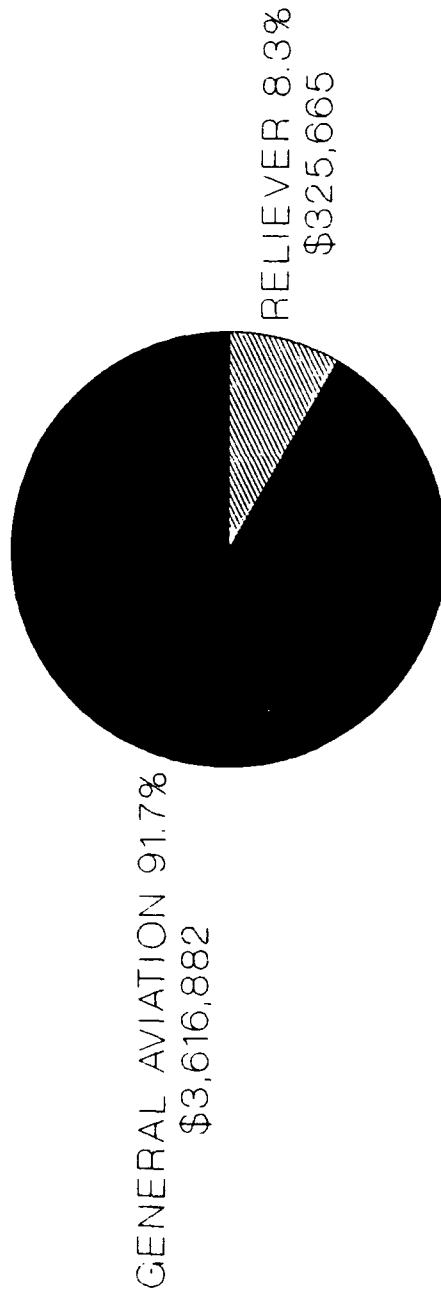
STATE BLOCK GRANT PILOT PROGRAM FEDERAL FUNDS PROVIDED BY AIRPORT TYPE FISCAL YEARS 1990 AND 1991



STATE OF ILLINOIS

Funds distributed by the State as shown.

STATE BLOCK GRANT PILOT PROGRAM
FEDERAL FUNDS PROVIDED BY AIRPORT TYPE
FISCAL YEARS 1990 AND 1991

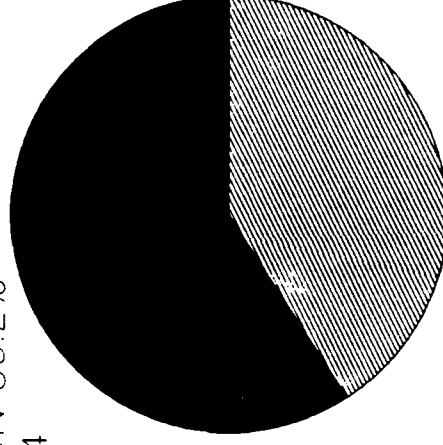


STATE OF MISSOURI

Funds distributed by the State as shown.

**STATE BLOCK GRANT PILOT PROGRAM
FEDERAL FUNDS PROVIDED BY AIRPORT TYPE
FISCAL YEARS 1990 AND 1991**

GENERAL AVIATION 59.2%
\$9,465,324



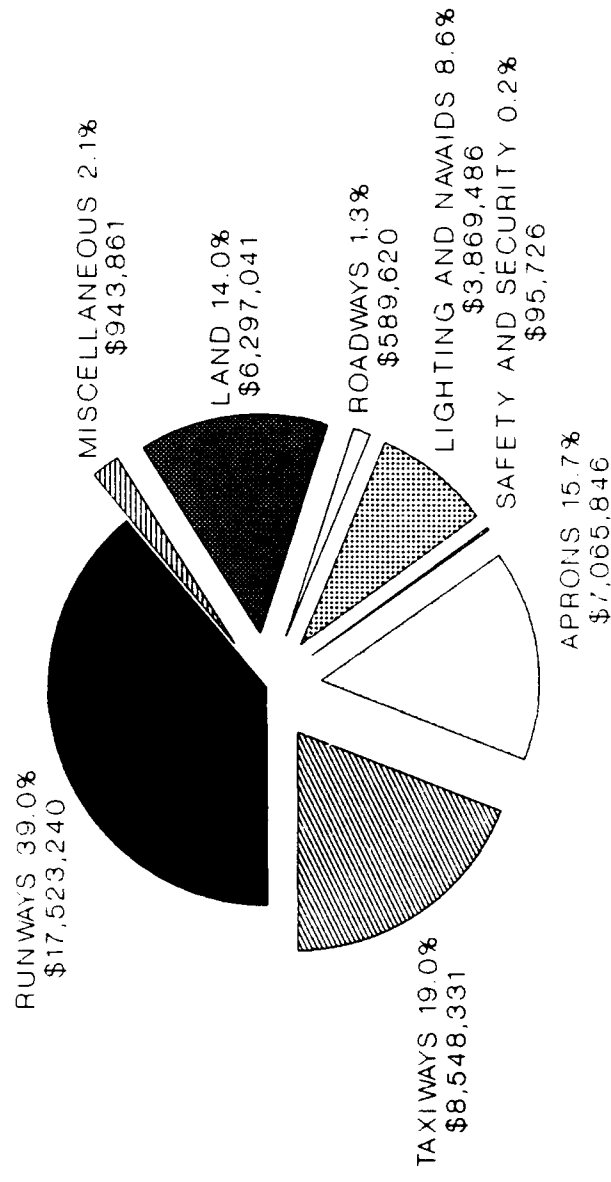
RELIEVER 40.8%
\$6,516,098

STATE OF NORTH CAROLINA

Funds distributed by the State as shown.

APPENDIX L. FEDERAL FUNDS ALLOCATED BY WORK ELEMENT

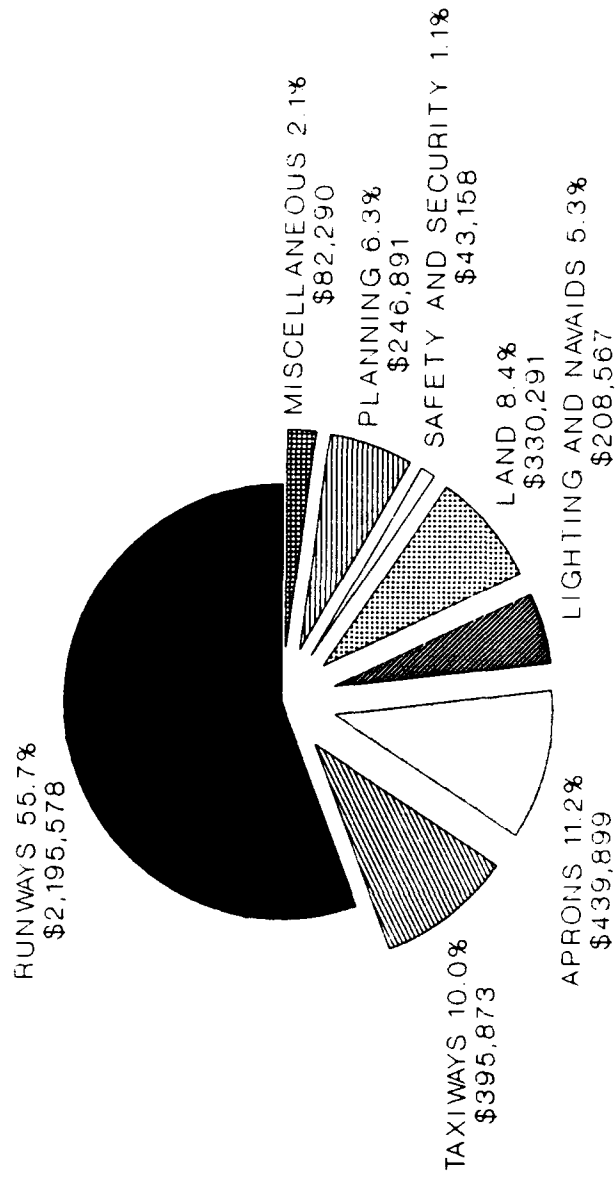
STATE BLOCK GRANT PILOT PROGRAM FEDERAL FUNDS ALLOCATED BY WORK ELEMENT FISCAL YEARS 1990 AND 1991



STATE OF ILLINOIS

Funds distributed by the State as shown.

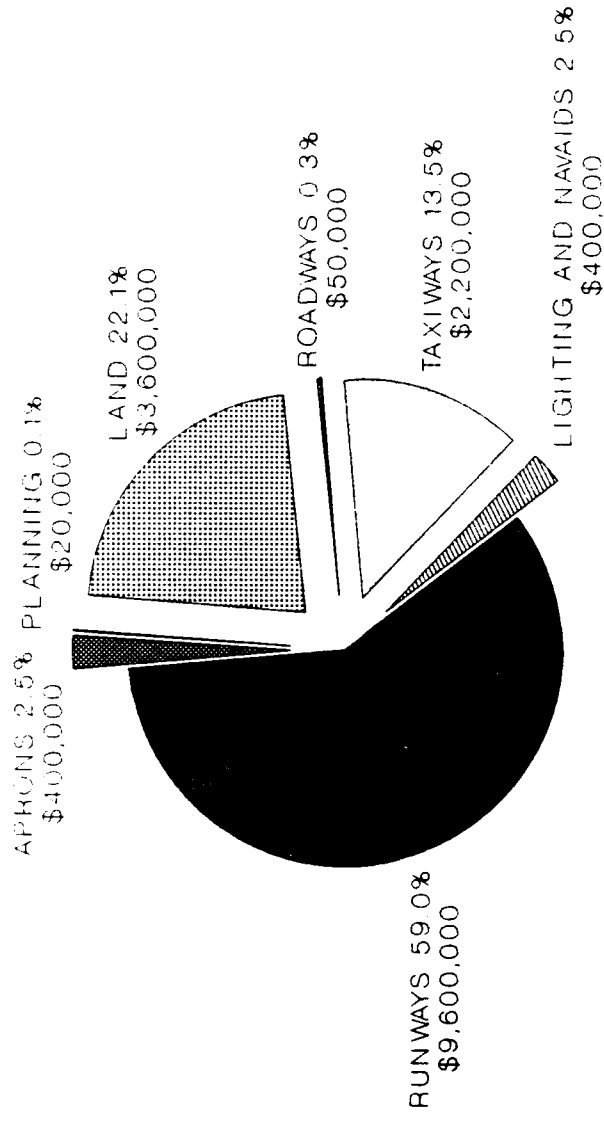
STATE BLOCK GRANT PILOT PROGRAM FEDERAL FUNDS ALLOCATED BY WORK ELEMENT FISCAL YEARS 1990 AND 1991



STATE OF MISSOURI

Funds distributed by the State as shown.

STATE BLOCK GRANT PILOT PROGRAM FEDERAL FUNDS ALLOCATED BY WORK ELEMENT FISCAL YEARS 1990 AND 1991

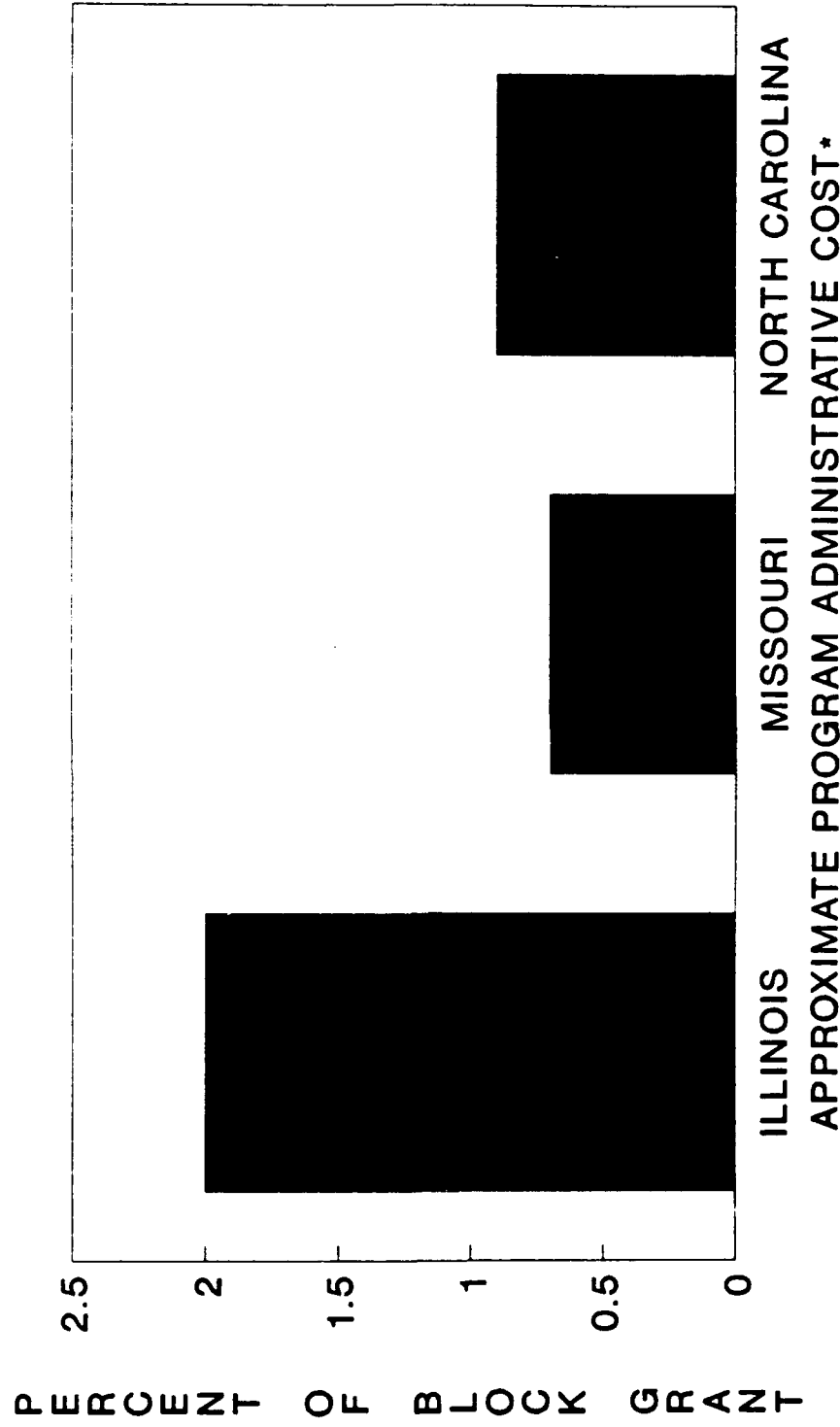


STATE OF NORTH CAROLINA

Funds distributed by the State as shown.

APPENDIX M. PROGRAM ADMINISTRATIVE COSTS

STATE BLOCK GRANT PILOT PROGRAM PROGRAM ADMINISTRATIVE COSTS FISCAL YEARS 1990 AND 1991



•Program administrative costs were not allowable under the pilot program.